



# EXPORT *America*

March 2000/Volume 1 Number 5  
<http://exportamerica.doc.gov>

THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS

## Destination Africa

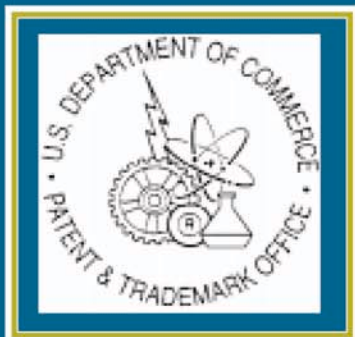
### Small Markets Run Deep

*Inside...*

- Lounge Chairs in Thailand
- TV in Korea
- Engineers in Peru
- Oil & Gas in Pakistan







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Patent and Trademark Office  
Office of Public Affairs  
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# PTO TODAY

XXXXXXX 2000  
Volume 1, Number X

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**A Budget for All Seasons:** A primer on the federal budget cycle

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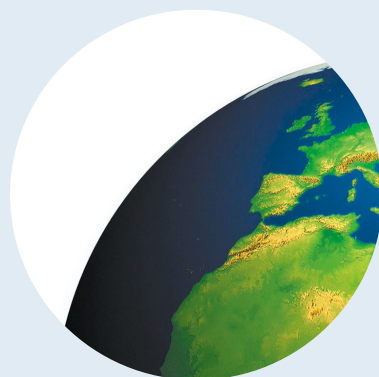
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THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS

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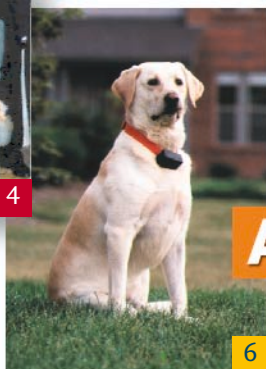
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**AESDirect**

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Published monthly by the U.S.  
Department of Commerce,  
Washington, D.C.

Subscription rates are pending.  
All subscription inquiries should  
be sent to the Government  
Printing Office, Superintendent  
of Documents, Mail Stop: SSOM,  
Washington, D.C., 20401.

Other inquiries should be sent to the  
U.S. Department of Commerce, Room  
3414, 1401 Constitution Avenue,  
NW, Washington, D.C., 20230.

First-class postage paid at Washington, D.C.

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# If you ask thriving exporters what is the secret to their success,


most will stress to you the importance of identifying and penetrating new markets. Why then do so many burgeoning world traders overlook opportunities in Africa? It could be because Africa usually makes the headlines through stories of war, disease and general instability. While these and other problems challenge Africa, they are not entirely representative of the continent. What many don't realize is that Africa is changing rapidly in many ways. A democratic tide is sweeping the continent with more than 30 countries having had democratic elections since 1990. Accompanying this democratic reform is an impressive wave of economic policy reform. More than 30 countries have dismantled state centralized systems, putting market-based economies in place.

So, why is this important to you as an exporter? Because more and more American businesses are successfully exporting to Africa and this upward trend is certain to continue. The U.S. & Foreign Commercial Service has scores of success stories of American businesses exporting everything from waste management equipment to automotive parts to cosmetics to Africa.

I must caution that we should not look at commercial opportunities in Africa too optimistically—most of the continent still faces challenges, and it is still a difficult place to do business. Nevertheless, Africa is a place where business can succeed and flourish.

In this issue of *Export America* we set out to give experienced exporters another look at this vast continent and its export opportunities. This month's feature stories highlight four African countries we think hold significant export promise: Ghana, Uganda, Mozambique and Nigeria. Our Department of Commerce Trade Specialists provide an in-depth overview of the political and economic environments, as well as the best prospects for U.S. businesses in each country. Finding new markets is key to export success. I think our four highlighted markets illustrate that Africa should be included on any experienced exporter's roster.

We will see you next month with many new articles on how to export. Until then, good luck with your business. As always, let us know if you have any questions or comments ([Export\\_America@ita.doc.gov](mailto:Export_America@ita.doc.gov)).



*Jake R. Bright*

Jake R. Bright  
Assistant Editor



# GLOBAL NEWS LINE

## PAKISTAN

The energy supply has not kept pace with demand in Pakistan, leaving a large market with **extensive opportunities for U.S. exports in oil and gas, coal mining, hydroelectricity, refining, liquefied natural gas and petrochemicals.** Pakistan's new government has made oil and gas exploration and development its top priority. As part of this new initiative, the government plans to accelerate the process of exploration of oil and gas fields and to encourage foreign participation. Recently large reservoirs of gas have been discovered in Pakistan, and the government wants to expedite the development of infrastructure for efficient transportation of these new resources. In addition, the government is working on the deregulation and the privatization of the petroleum sector, including liquefied petroleum gas prices. U.S. firms interested in this promising sector should contact the U.S. Commercial Service office in Islamabad at Internet: [www.cspakistan.com](http://www.cspakistan.com).

## PALESTINIAN AUTHORITY

On December 28, 1999, the Palestinian Authority (PA) approved, and Chairman Arafat signed, the "Environment Law". This law will come into effect 30 days after being published in the PA's official gazette this spring. In broad terms, the law aims to focus on safeguarding public health, maintaining marine life, protecting areas threatened by pollution and rehabilitating those sections

already affected. This legislation will result in new opportunities for American environmental technology companies in the PA. Since the PA has already developed plans for most of their environmental projects, U.S. firms that can offer affordable solutions have the best chance of succeeding. Companies should look closely at projects being considered for donor-aid financing, as well as at the small pool of projects the PA is considering financing itself. The PA is also interested in evaluating project proposals that include creative financing mechanisms.

## THAILAND

La-Z-Boy, Inc. recently commemorated the opening of its first manufacturing joint venture in Asia with a Grand Opening ceremony and dinner hosted by CEO Gerry Kiser in Bangkok, Thailand. CEO Kiser noted that the company projects steady growth in its Asian operations in the coming years due to regional demographic and income trends, and is looking to double its overall international sales to 15 percent of total revenues in five years. Thailand was chosen as the site for this joint venture because of its skilled labor force, the availability of material inputs for manufacturing and the Thai government's cooperative attitude. In addition, Thailand's strategic location and membership in the ASEAN Free Trade Area gives companies in that market the advantage of lower tariffs when they export to other ASEAN nations. In remarks made at

the Grand Opening Dinner, Thailand's Finance Minister Tarrin Nimmanahaeminda cited the La-Z-Boy joint venture as a model of the kind of investment that would help Thailand continue its economic recovery. U.S. firms interested in developing new business opportunities for their companies in Thailand should contact Karen Ware, Senior Commercial Officer, U.S. Commercial Service, Bangkok, Thailand at Tel: (66 2) 205-5090; Fax: (66 2) 255-2915; Email: [Obangkok@mail.doc.gov](mailto:Obangkok@mail.doc.gov); or, Internet: [www.csbangkok.or.th](http://www.csbangkok.or.th).

## KOREA

The Korean National Assembly passed the long awaited and much anticipated Integrated Broadcasting Act on December 28, 1999. The new law includes provisions that permit foreign investor equity limits of up to 33 percent in Korean cable and satellite TV firms. The law should benefit foreign program providers due to an expected expansion in the broadcast TV market in Korea. Approximately 13 million households in Korea currently own a television, and about 1 million households are cable TV subscribers. However, subscribership should increase significantly as more channels and a greater variety of programming become available as a result of the new law. Commercial Service Korea urges U.S. firms interested in the broadcast TV market in Korea to closely examine the business opportunities that will result from the new legislation.

## ITALY

In December 1999, the Italian Authority for Information Technology in the Public Administration (AIPA) released a **three-year plan (2000-2002) to continue the strategic program to modernize and integrate the central government and local administrations through the use of information technology.** The plan calls for additional funding for the "information superhighway", known as the Unitary Network, which is designed to use information technology to streamline administrative procedures. Additional information is available from AIPA's website ([www.aipa.it](http://www.aipa.it)).



La-Z-Boy, Inc. CEO Gerry Kiser and Thailand's Finance Minister Tarin Nimmanahaeminda relax in state-of-the-art lounge chairs.

Photo courtesy of Commercial Service Bangkok

## POLAND

Poland recently passed the Economic Activities Act (EAA). It will replace the Economic Activities Act of 1988 and the Companies with Foreign Shareholding Act of 1991. The EAA is due to come into effect January 1, 2001, except for provisions regarding branch offices and representative offices of foreign entrepreneurs that came into force on January 1, 2000. **The EAA allows foreign entrepreneurs to create branch offices and representative offices in Poland.** A certain number of conditions and some restrictions need to be fulfilled in order to qualify as a branch or a representative office. Until a new act governing national court registration comes into effect January 1, 2001, branch offices will be temporarily registered in the Commercial Register, Section C, in accordance with Article 90 of the EAA. Beginning on January 1, 2001, branch offices will be allowed to conduct business activities after being entered into the relevant register of entrepreneurs. Representative offices will have to be recorded in a register maintained by the Ministry of the Economy to receive a certificate. Although new certificates are needed only after existing permits expire, companies holding current permits are encouraged to apply for the new registration ahead of time in order to ensure uninterrupted operations. For more information, please contact the U.S. Commercial Service in Warsaw at Email: Warsaw.Office.box@mail.doc.gov.

## KAZAKHSTAN

A newly revised list of goods that require labeling in the Kazakh and Russian languages was published on January 14, 2000. This comes as welcome news for many U.S. companies, especially pharmaceutical firms, whose products were exempted from the costly dual-language requirement. On January 24, 2000, the government of Kazakhstan (GOK) canceled a February 1, 2000 deadline that would have prevented goods not properly labeled from entering the country. However, an April 1, 2000 deadline, requiring certain goods to be properly labeled before they can be distributed or

sold, will remain. While the delay in enforcement gives importers more time to comply, Commercial Service Almaty recommends that U.S. companies implement the new requirements as soon as possible. For a complete list of goods affected, please contact the U.S. Commercial Service in Almaty at Email: Almaty.Office.Box@mail.doc.gov.

Also, the GOK has notified the U.S. Embassy in Almaty that effective February 1, 2000 a **72-hour transit rule for bearers of CIS visas has been suspended.** This means that all foreigners transiting through the territory of Kazakhstan are required to carry a valid Kazakhstani visa before entering the country. Previously, travelers were permitted to transit through a CIS country within 72 hours without a visa, as long they had a valid visa to an onward destination within the CIS.

## PERU

Continuing with its rehabilitation project of the water and sewage system in Lima-Callao under a loan from the Japan Bank for International Cooperation (JBIC), the Government of Peru, through the Lima-Callao Water and Sewage Company, is calling for an international public bid for pre-qualified engineering firms for the supply and installation of water and sewage pipes in Callao.

## MEXICO

The international maritime port of Altamira, Mexico has announced significant investment projects for the year 2000. The port is located 15 miles north of the city of Tampico on the Gulf Coast of Mexico. It has been declared the most modern port with the best container loading facilities in Mexico. The Altamira Port Authority (API) is anticipating investments of over \$200 million in infrastructure development for 2000: \$78.4 million for dredging, \$13.5 million in berth protection, \$13.5 million in maritime signaling, \$18.2 million in maritime terminals, \$20.5 million in industrial development zones and \$57 million in other port services.

## PANAMA

The government of Panama postponed indefinitely the bid for the privatization of the Tocumen International Airport. The bid had been set for January 29, 2000. The government indicated that the existing airport privatization plan had a number of weaknesses. Although the bid has not been cancelled, if reinstated it will be changed substantially. For example, the government is considering contracting the administration services for the airport rather than giving a full concession. Although no date has been set for announcing a course of action, the government is interested in making a decision as soon as possible. Under the privatization plan now being reevaluated, seven groups were pre-qualified to participate in the bid for a 30-year concession to operate the airport. The seven pre-qualified groups include well-known companies from the United States, Austria, Canada, Germany, Italy and France. The Tocumen International Airport is Panama's busiest airport.

## ASIAN DEVELOPMENT BANK

The Asian Development Bank (ADB) announced that it funded \$5 billion in projects and programs in 21 Asia-Pacific countries in 1999. China was the biggest recipient of ADB funding with \$1,258 million followed by Indonesia (\$1,020m), India (\$625m), Pakistan (\$403m), Thailand (\$364m), Bangladesh (\$332m) and Vietnam (\$195m). American companies still lead in supplying consulting services and imported goods for ADB projects. As the Asian economies recover, project lending has remained fairly steady, but ADB fast-disbursing program loans were reduced to \$934 million—further evidence that the Asian financial crisis has ended. ■

### NEED MORE DETAIL?

Ask a Foreign Commercial Officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and email, is available by calling the Trade Information Center at 1-800-USA-TRADE.

# EXPORTING GOOD DOGS

**INNOTEK, INC. IMPROVES PET BEHAVIOR WORLDWIDE WITH THE HELP OF USDOC SPONSORED TRADE SHOWS**

by Jake Bright  
*Office of Public Affairs*

**Mark Twain once said, “The dog is a gentleman.”**

While bark and bite have led many to differ in opinion, Innotek, Inc.’s behavior training equipment is helping dogs around the world live up to Twain’s gentleman distinction. The Garrett, Indiana based company is the leading manufacturer of pet training supplies for both the companion pet and sporting dog markets. Innotek got its start as the first company to offer a truly compact radio based dog training collar—often referred to as a remote trainer. Today Innotek offers remote trainers, no-bark collars and fenceless con-

tainer base. In 1999, Innotek exhibited in the U.S. Foreign & Commercial Service (USFCS) sponsored Pavilion at Expozoo’ 99, a major international pet trade exhibition in Paris. This participation has since produced \$500 million in sales and the company expects this figure to grow to more than \$1.5 million by the end of 2000.

Innotek’s global export success is quite impressive considering its beginning as a cottage industry. In 1990, Greg VanCuren & Mike Westrick started the company using a bedroom as an office and a garage as a shipping and receiv-

ing department. In 1999, Innotek exhibited in the U.S. Foreign & Commercial Service (USFCS) sponsored Pavilion at Expozoo’ 99, a major international pet trade exhibition in Paris. This participation has since produced \$500 million in sales and the company expects this figure to grow to more than \$1.5 million by the end of 2000.

Innotek’s first product was a remote training collar used to teach dogs new

**“THE COMMERCIAL SERVICE... DEMYSTIFIES A LOT OF THE CHALLENGES AND CONCERNS THAT A SMALL BUSINESS HAS WHEN TRYING TO GO OVERSEAS.”**

tainment systems (in-ground fencing) to both U.S. and foreign markets.

Since 1995, Innotek has participated in U.S. Department of Commerce (USDOC) sponsored pavilions at overseas trade shows to expand its global

ing department. Ten years later, Innotek has 250 employees, and in 1999, sold \$35 million worth of products to over 25 countries.

Innotek President Steve Gill attributes the company’s achievements to its suc-

cess in identifying and filling a niche market. “There are approximately 52 million dogs in the U.S., and statistically, 80 percent of pet owners have some sort of behavior problem whether it is barking, chewing, not coming when called, running away or digging. Before, if you went into a pet store and asked about nutrition or grooming they would send you to the food section or the grooming section. But if you asked, ‘Where is your behavior section?’ you would draw a blank stare. Nobody was marketing for behavior problems.”

After great success selling its pet training products domestically, Innotek realized the potential for sales abroad. “We started looking for ways that we could leverage ourselves and get our products and message out across the world,” said Gill. “The challenge became ‘where’ and ‘how.’” Examining the world market, the company realized that after the U.S., the number two and three markets in the world for dogs were France and



Photo courtesy of Innotek, Inc.

The remote collar: the centerpiece of Innotek’s remote training systems.



Photo courtesy of Innotek, Inc.



A hidden fence: Innotek's containment systems use concealed wires to keep your dog at home or keep him out of places in your yard, such as gardens or flower beds.

Germany. With the “where” answered, Innotek focused on “how” to export to those countries.

At the recommendation of the Indiana Chamber of Commerce, Innotek contacted Export Promotion Officer Ed Kimmel at the USDOC. Ed advised the company on the various USDOC programs available to help small businesses export, including USFCS certified trade shows. Innotek found trade shows the best way to market its products globally and has since participated in several throughout Europe. At the Expozoo’ 99 Pet Trade Exposition held in Paris, France, Commercial Service officers organized a pavilion for U.S. businesses. It also conducted a unique pre-event market promotion campaign, which included printed flyers and targeted mailings to European agents/distributors and key customers of pet products. The show created immediate opportunities and long term business contacts for Innotek that continue to generate sales a year later.

Innotek President Gill found the USDOC’s export assistance especially valuable to small businesses. “The Commercial Service basically demystifies a lot of the challenges and concerns that a small business has when trying to go overseas. During trade shows, they make it very easy for small businesses to get exhibit space and

provide a support system to back them up. When you are a small business facing language barriers, currency exchange and cultural differences—there are a lot of challenges to entering a foreign market. Without someone to guide you along the way, the lessons that you learn can be very expensive. Our experience was that the Commercial Service took a lot of trial and error out of the equation.” Mr. Gill was most impressed by Commercial Services success in qualifying potential leads and getting them to the exhibit booth with an invitation. “Getting the interested buyers to come directly to your exhibit booth requires an enormous amount of time and resources that as a small business we would have a difficult time doing.”

Innotek’s participation in trade shows has significantly enhanced its global focus and presence. It is determined to maintain its product reputation and continue its international success. Innotek is currently developing an electronic kiosk to be placed in stores. Through this kiosk customers can touch screens, diagnose their dogs’ behavior problems and be guided directly to products and information on how to remedy them. Innotek has also set up dealer networks overseas and organized its website so that international customers can receive direct dealer information by country and region. The company now operates its own Innotek Europe office in Belgium.

From garage to global leader, Innotek has proven the potential small businesses have for export success. Through product innovation and cooperation with the U.S. Department of Commerce, Innotek is sure to continue this success leading an international mission to make all dogs good dogs. ■

To learn more about how you can participate in a Department of Commerce supported trade show, contact the Trade Information Center at 1-800-USA-TRAD(E) or call the nearest U.S. Export Assistance Center (see listing on back cover).

## INTERESTED IN PARTICIPATING IN AN OVERSEAS TRADE SHOW?

Virtually every industry offers a variety of overseas shows that can provide you with direct access to thousands of buyers, distributors, investors, agents and other contacts. Shows often produce both direct floor sales and hundreds of leads that can be productive for many months. No other marketing strategy gives you the same chance to actually see the market, meet with buyers, view the competition, check out the technology and establish an in-country presence.

Commercial Service trade specialists in the U.S. and around the world, along with ITA’s industry experts, can provide you with extensive trade show support, marketing assistance, buyer contact programs, at-show counseling and appointments, and sales follow-up services. Commerce Certification of trade fairs guarantees you will exhibit with experienced and reliable U.S. show organizers that can provide you with an excellent display booth, freight, transportation and customs services. ■

# FILING THE SED

REDUCE EXPORTING STRESS WITH AESDIRECT

By Gerard J. Horner

U.S. Census Bureau

The U.S. Census Bureau is mandated by Title 13 of the United States Code, also known as the Census Act, to collect and publish demographic and economic data about the United States and its residents.

Chapter 9 of Title 13 requires that the U.S. Census Bureau, under the jurisdiction of the Department of Commerce, collect foreign trade statistics.

## EXPORT DATA COLLECTION

The trade statistics are used by the government and the private sector. The government uses these data to determine the monthly balance of trade, in trade negotiations with other countries, and to locate markets for U.S.

all persons, including carriers, exporting from the United States and over areas which the United States has control. The collection of foreign trade data is delegated to the U.S. Census Bureau. Furthermore, the Secretary of Commerce is authorized to compile and publish the data pertaining to exports.

The Shipper's Export Declaration (SED) is the means by which the U.S. Census Bureau collects the official export statistics. The SED is a Department of Commerce form prescribed jointly by the Bureau of Export Administration (BXA) and the U.S. Census Bureau, Foreign Trade Division. The SED is used respectively to enforce export control laws and to collect the official export statistics. Title 13 exempts from public disclosure the SED or any successor document unless the Secretary of Commerce determines that such exemption would be contrary to the national interest.

The Shipper's Export Declaration (SED) Forms 7525-V, 7525-V-

items, exemptions from filing, penalties for violations of export statistical laws and regulations, record keeping and enforcement authority.

Exporters or their authorized forwarding agents file the SED with the exporting carrier prior to export for virtually all shipments from the United States and the areas over which the U.S. exercises control. The exporting carrier files a complete manifest, which includes the SEDs or exemption notations detailing why SEDs are not required, with the U.S. Customs Service prior to departure. The carrier may post a bond with U.S. Customs, allowing the carrier to file the complete manifest within four days of departure. SEDs for shipments from the U.S. to Puerto Rico are filed at the port of arrival in Puerto Rico.

Customs separates the SEDs from the manifest and delivers them to the U.S. Census Bureau in Jeffersonville, IN for processing. Jeffersonville checks-in, sorts, batches, microfilms and keys the


**"EACH YEAR ALMOST 3 MILLION DECLARATIONS CONTAIN MISSING AND INCORRECT INFORMATION. THE METHODS USED TO CORRECT THESE ERRORS ARE TIME CONSUMING, COSTLY AND BURDENSOME TO THE ENTIRE EXPORTING COMMUNITY AND TO GOVERNMENT AGENCIES."**

exporters. The private sector uses these data to measure the impact of foreign competition, track trade flows with our trading partner countries, conduct market research, and develop and determine individual trade policies.

The Secretary of Commerce is authorized to collect export information from


Alternate can be used interchangeably. The 7525-V-Alternate was designed to align with various ocean-shipping documents. The Foreign Trade Statistical Regulations (FTSR), codified in Title 15 of the Code of Federal Regulation, Part 30, contains all of the regulations regarding SED requirements, the reporting of specific

data. The data are then sent to U.S. Census headquarters, Foreign Trade Division in Suitland, MD for processing. U.S. Customs makes sure that all SEDs are mailed to Census by the 27th calendar day of the month, following the month of exportation, to make sure that they are received in sufficient time to close out a given month.



# AESDirect

## Reduce Exporting Stress with AES



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**AESDirect** Newsflash
Feb 1st 2000, 400 Companies Registered for AESDirect !!

### Welcome to **AESDirect**



AESDirect is the U.S. Census Bureau's free, internet based system for filing Shipper's Export Declaration (SED) information to the Automated Export System (AES). It is the electronic alternative to filing a paper SED, and can be used by exporters, forwarders, or anyone else responsible for export reporting.

### Why **AESDirect**?

AESDirect significantly streamlines the export reporting process by reducing the paperwork burden on the trade community, reducing costly document handling and storage, and ensuring that export information is filed in a timely manner. AESDirect improves the quality of the export trade statistics, helping the Census Bureau provide the Government and the public more accurate information.

**AESDirect System Requirements**

AESDirect does not require any software or hardware investment, however there are some minimum system requirements. Check the [Browser Support](#) page for details.

[\[top of page\]](#)

The U.S. Census Bureau currently collects and processes approximately 6 million declarations annually. Missing and incorrect information can be found on half of these receipts. Therefore, each year almost 3 million declarations contain missing and incorrect information. The methods used to correct these errors are time consuming, costly and burdensome to the entire exporting community and to government agencies. The U.S. Census Bureau corrects these errors through clerical or electronic means. Although electronic corrections are timelier, they may not always assure correct statistics. Clerical corrections

are very time consuming and burdensome, not only for the Census Bureau, but for the trade. We know that time is money. Some studies show that clerical corrections can cost three times as much as a document that has successfully been reported.

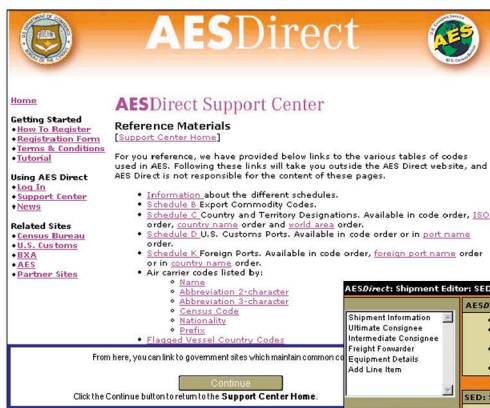
Reconciliation studies done with other countries estimate that between three and seven percent of U.S. export trade is undocumented or not reported. In 1998, the total export value of goods was \$682 billion. Applying the three to seven percent to this figure shows unreported exports totaling between \$20 and \$48 billion. Not only are our

trade data potentially skewed, but if exports of licensed and sensitive commodities are not reported, or are incorrectly reported, these discrepancies may be harming our national security.

#### IMPROVING EXPORT DATA THROUGH AES

In January 1994, the Bureau of the Census, the U.S. Customs Service, other Federal agencies and the exporting community began developing the Automated Export System (AES). AES was designed to electronically capture SED information and Carrier Outbound Manifest data and be the





single source for the submission of export data. Currently, AES accepts commodity data reported on the SED for all methods of transportation and transportation data reported on the Vessel Outbound Manifest for vessel shipments. The AES is the information gateway to improve the export trade statistics, improve customer service, assure compliance with and enforcement of export laws and provide paperless reporting of export information.

AES certified exporters or their authorized agents transmit the SED (commodity data), to AES in one of the formats accepted by the system, and the filer's ID number and unique shipment reference number (unique for five years) to reference the shipment. These data are edited by the system against various edits and agency requirement files, including the munition's list and the Bureau of Export Administration denied parties and license lists. If the data do not pass the edits, a message is sent back asking the filer to correct and resubmit the data. If the data are filed without errors, the AES returns a confirmation number. Upon acceptance by the AES, the filer delivers to the carrier the cargo and notification that the shipment was transmitted to the AES. The carrier submits the transportation data to the AES upon receipt of the cargo and the notification. The AES matches the commodity and transportation data to form a complete export transaction.

AES will provide more accurate export trade statistics through increased coverage resulting from new requirements and quality data. The data will be of a

higher quality because it will be submitted from the actual source, and will pass through

Item	M/E/D	Lookup	Comments
Exporter Code	M		Code that you set up for this Exporter [How to Set Up Exporter Code]
E-mail Address	M		E-mail address that should receive USCS responses
Shipment #	M		Your Reference for this Shipment
Booking #	E		Booking # Issued by Carrier Required for Vessel Shipments Enter UNKNOWN if unknown
Origin State	M	Y	Two letter state code
Export Port	M		Schedule D code for Port of Export or Border Crossing Point
Country of Destination	M	Y	ISO Code for Destination Country
Unloading Port	C	Y	Schedule K or D code for Port of Unloading Required for all vessel Shipments Required for air shipments to Puerto Rico (i.e. from Puerto Rico)

up-front edits at the initial point of data transmission to ensure correctness. Currently, AES has attracted over 450 filers of SED data at an average of 225,000 shipments per month or 20 percent of export trade.

The AES accepts data using the national standard, ANSI X-12, the international standard, UN/EDIFACT, and the Customs Proprietary format. Software in these formats may be developed using specifications provided on the AES website ([www.customs.treas.gov/AES](http://www.customs.treas.gov/AES)) or can be purchased from AES certified software vendors. Data may be transmitted through AES certified Service Centers.

Participation in the AES requires the development or purchase of the software necessary to communicate with the AES computer. Some small and medium-sized exporters, forwarders

and other filers of the export data are unable to participate in the AES because of additional costs. To accommodate these filers, who collectively account for a large portion of the export transactions, Census created free Internet-Based SED filing system for the AES, AESDirect ([www.aesdirect.gov](http://www.aesdirect.gov)). AESDirect, which became operational on October 4, 1999, provides on-line registration and certification. AESDirect provides for both interactive and batch filing.

Currently, AESDirect is capable of handling 100,000 SEDs per month with the capacity to expand in increments to handle 500,000 transactions per month, 100,000 unique filers and up to 2,000 SEDs per batch for Export Filing Options 2 and 4. AESDirect is operational 24 hours a day, seven days a week, and a staffed

help desk is available from 7am - 7pm EST Monday - Friday. AESDirect provides data security through encryption and user authentication.

For additional information on AES or AESDirect, please call the U.S. Census Bureau, Foreign Trade Division, AES Branch at Tel: (301) 457-3539, or visit their website ([www.census.gov/foreign-trade](http://www.census.gov/foreign-trade)).

# INCOTERMS 2000

By John Shuman

*Small and Medium-Sized Enterprises Trade Finance Program, Trade Development*

Incoterms, developed under the auspices of the International Chamber of Commerce (ICC), are a set of international rules that are used for the interpretation of the most common terms in foreign trade.

Incoterms are recognized by the United Nations Commission on

## STRUCTURE

Incoterms are grouped into four basically distinct categories [see the sidebar on page 12 for a listing of terms]. The “E” terms are used when the seller will make the goods available to the buyer on the seller’s own premises. The “F” terms are used when the seller will be required to deliver the goods to a carrier appointed by the buyer. The “C” terms are used when the seller will be required to contract for carriage, but will not assume the risk of loss or damage to the goods, or of additional costs that may occur after

tions in business transactions and changes in transport practices. Incoterms 2000 offer a simpler and clearer presentation of the 13 definitions, all of which have been revised.

The following new interpretations in Incoterms 2000 are especially noteworthy:

- When using Free Alongside Ship (FAS) terms, the seller must arrange for export clearance. Under delivered Ex Quay (DEQ) terms, the buyer must arrange for import clearance including payment of any formalities, duties, taxes and other

## “INCOTERMS ARE REGULARLY INCORPORATED INTO SALES CONTRACTS WORLDWIDE AND HAVE BECOME PART OF THE DAILY LANGUAGE OF TRADE.”

International Trade Law as the global standard for such interpretations.

Incoterms define the responsibilities of buyers and sellers for the delivery of goods under sales contracts. They are the definitive text for determining how costs and risks are allocated to the parties. Incoterms are regularly incorporated into sales contracts worldwide and have become part of the daily language of trade. The use of Incoterms reduces uncertainties that are produced by varying interpretations of foreign trade terms.

shipment and dispatch. Finally, the “D” terms require the seller to bear all costs and risks needed to bring the goods to the place of destination.

## REVISIONS

Since the creation of Incoterms by the ICC in 1936, this undisputed worldwide contractual standard has been regularly updated to keep pace with the development of international trade. Incoterms 2000 take into account the recent spread of customs-free zones, the increased use of electronic communica-

charges upon import. These changes logically impose responsibility on the seller when the seller has more control over the goods than the buyer and vice versa. Under FAS, the goods will be still physically within the seller’s country, while under DEQ the goods will have been placed on the pier in the buyer’s country. These changes eliminated the awkward situation of a buyer attempting to deal with regulations imposed by a seller’s government, such as export control regulations, and the seller trying to

## INCOTERMS 2000

### ANY MODE OF TRANSPORT

#### Group E Departure

EXW Ex Works  
(...named place)

#### Group F Main Carriage Unpaid

FCA Free Carrier  
(...named place)  
FAS Free Alongside Ship  
(...named port of shipment)  
FOB Free on Board  
(...named port of shipment)

#### Group C Main Carriage Paid

CFR Cost and Freight  
(...named port of destination)  
CIF Cost, Insurance and Freight  
(...named port of destination)  
CPT Carriage Paid To  
(...named place of destination)  
CIP Carriage and Insurance Paid To  
(...named place of destination)

#### Group D Arrival

DAF Delivered at Frontier  
(...named place)  
DES Delivered Ex Ship  
(...named port of destination)  
DEQ Delivered Ex Quay  
(...named port of destination)  
DDU Delivered Duty Unpaid  
(...named place of classification)  
DDP Delivered Duty Paid  
(...named place of destination)

deal with import clearance in the buyer's country.

- Loading and unloading obligations have been shifted to the seller under Free Carrier Seller's Place terms. Like the changes noted above, the logic behind loading and unloading responds to the simple questions: "Which party is best equipped to handle the task?" Clearly, when the shipment is being unloaded at the seller's place, the seller will have the personnel and equipment available to load. Conversely, under Free Carrier, at any place other than the seller's, the seller delivers by merely bringing the goods to the terminal without having to unload. This makes sense because, in this scenario, it is logical to assume that a buyer-appointed carrier would have the personnel and equipment needed to unload a seller-dispatched vehicle when the place is its own terminal. ■

To purchase a complete list of Incoterms 2000, contact the International Chamber of Commerce at ICC Publishing, 156 Fifth Avenue, New York, NY, 10010, [www.iccbooks.com](http://www.iccbooks.com), and reference either ICC No. 560 or ISBN: 92-842-1199-9. Another good resource for understanding Incoterms 2000 is *Incoterms for Americans* (ISBN: 1-886457-06-09 from International Projects, Inc., PO Box 352650, Toledo, OH, 43635-2650), a workbook written by Frank Reynolds, U.S. delegate to the Incoterms 2000 Revision Committees and a nationally recognized authority on the subject. Mr. Reynolds can be contacted at Tel: (419) 865-6201; Fax: (419) 865-0954; or Email: [fjr24@aol.com](mailto:fjr24@aol.com).

*Incoterms 2000 are provided courtesy of the International Chamber of Commerce.*





# ASK THE TIC

## THE NAFTA CERTIFICATE OF ORIGIN

by Reginald Biddle

Trade Information Center, Trade Development



### WHEN SHOULD A NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) BE COMPLETED?

A NAFTA Certificate of Origin should only be completed for products exported to Canada or Mexico that meet the NAFTA rules of origin of production in the NAFTA countries. Inclusion of products that do not qualify is illegal and subject to fines and penalties.

Elimination of Canadian and Mexican duties assessed on U.S. products is one of the major ways that NAFTA assists U.S. companies. To ensure that the benefits of tariff removal accrue to NAFTA products, and not to Non-NAFTA products, NAFTA includes tough rules of origin. Only products that meet the NAFTA rules of origin are eligible for the preferential duty rates.

Under NAFTA, products that qualify under the rules of origin will have zero duties when traded between the U.S. and Canada, and will have low or zero tariffs when traded between the U.S. and Mexico. An importer must submit to customs a NAFTA Certificate of Origin completed by the exporter in order to be eligible for preferential tariff rates.

By filling out a NAFTA Certificate of Origin, a shipper is certifying that the covered goods meet the rules of origin, and therefore, qualify for preferential rates

If the product does not qualify for NAFTA tariff preferences, the Certificate must not be completed, as the product is then usually subject to the Most Favored Nation (MFN) tariff rate, rather than the NAFTA rate.



### IS A NAFTA CERTIFICATE OF ORIGIN REQUIRED FOR SHIPMENTS TO CANADA AND MEXICO?

A NAFTA Certificate of Origin is *not required* for shipments to Mexico or Canada. The exporter should only prepare a NAFTA Certificate if the product qualifies for preferential tariff treatment under the NAFTA rules of origin.

A NAFTA Certificate of Origin is *not required* for the commercial importation of a good valued at less than US\$1,000. However, for goods to qualify for NAFTA preferential duties, the invoice accompanying the commercial importation must include a statement certifying that they qualify as originating goods under the NAFTA

## TECHNICAL ADVICE

The Trade Information Center helps businesses answer questions on the export process, but the final determination of NAFTA requirements rests with customs authorities.

rules of origin. The statement should be handwritten, stamped, typed on, or attached to the commercial invoice. This exception is valid as long as the shipment does not form part of a series of importations that may reasonably be considered to have been undertaken for the purpose of avoiding the Certification requirement.



### WHEN AND HOW DO I SUBMIT A NAFTA CERTIFICATE OF ORIGIN?

Once an exporter determines that the exported good will meet the NAFTA rules of origin, a NAFTA Certificate of Origin must be completed accurately and legibly. The exporter must then send the Certificate to the importer. While the Certificate does not have to accompany the shipment, the importer must have a copy of the Certificate in hand before claiming the NAFTA tariff preference at customs. Certificates of Origin may, at the discretion of the exporter, cover a single importation of goods or multiple importations of identical goods.

In some cases, an exporter may not have the NAFTA Certificate of Origin ready at the time of export; however, the importer still has up to one year after the goods go through customs to make a claim for the NAFTA tariff preference and to apply for a refund of duties paid at the time of entry.



### WHO IS RESPONSIBLE FOR DETERMINING IF THE PRODUCT QUALIFIES UNDER NAFTA AND FOR COMPLETING THE CERTIFICATE?

The Certificate of Origin must be completed and signed by the exporter of the goods. Where the exporter is not the producer, the exporter may complete the Certificate on the basis of: knowledge that the good originates; reasonable reliance on the producer's written representation that the good originates: or, a completed and signed Certificate of Origin for the good voluntarily provided to the exporter by the producer.

Exporters who are not producers often request that their producers or distributors provide them with a NAFTA Certificate of Origin as proof that the final good, or an input used in the manufacture of the final good, sold to Mexico or Canada meets the rules of origin. NAFTA does not obligate a producer who is not an exporter to provide the ultimate exporter with a NAFTA Certificate of Origin. However, if the non-exporting producer does

## TECHNICAL ADVICE

complete the NAFTA Certificate of Origin, they are subject to the same obligations regarding record keeping, etc., as is the exporter. Even so, it is the exporter's Certificate, and not the non-exporting producer's Certificate, that must be provided to the importer. The producer's statement should be kept in the files of the exporter as backup for their own Certificate.

A distributor does not complete a Certificate of Origin for qualifying goods unless the distributor is the exporter.



### WHAT IS THE PROCESS FOR DETERMINING IF A PRODUCT QUALIFIES FOR THE NAFTA PREFERENTIAL TARIFF AND FOR COMPLETING THE CERTIFICATE?

Completion of a NAFTA Certificate of Origin is an affirmation that the party signing the document has researched the terms of the NAFTA Agreement and has determined that the goods covered by the Certificate of Origin are "originating goods" as defined by the Agreement. Preparation of a NAFTA Certificate of Origin imposes certain legal rights, obligations and liabilities on the party signing the document and should be based on a careful inquiry into the terms of the text of the NAFTA Agreement and other relevant United States regulations.

A product does not automatically qualify for NAFTA tariff treatment just because the product was manufactured in the United States or purchased from a U.S. company. The product must meet the specific NAFTA rule of origin and the exporter must complete the NAFTA Certificate of Origin before the importer can claim the NAFTA tariff rate.

Follow these steps to determine if a product qualifies:

#### **STEP 1.** Determine the Harmonized System Number for the product being exported.

The NAFTA rules of origin are organized under the Harmonized System (HS). HS numbers are standardized classification numbers assigned to identify a specific type of product in international trade. Customs authorities use HS numbers to apply duties and taxes. These numbers are typically six to ten digits long. The first six digits are standardized worldwide, while some governments, to further distinguish products in a certain category, use additional numbers. In the United States, HS numbers are also called Schedule B numbers. To obtain tariff information, the HS number up to the 6-digit level is required.

**STEP 2.** Determine the Canadian/Mexican MFN tariff for the product. If the MFN rate is zero, no NAFTA Certificate is needed.

**STEP 3.** If the MFN rate is not zero, use the HS number to find the applicable rule of origin in the NAFTA

Agreement and then to determine if the product qualifies for a NAFTA tariff rate.

When products meet the rules of origin, and therefore, qualify for NAFTA tariff benefits, they are said to "originate". Article 401 of the NAFTA Agreement determines which goods originate and precludes goods from other countries from obtaining those benefits by merely passing through Canada, Mexico or the United States.

Chapter 4 of the NAFTA Agreement sets out most of the principles governing origin determination. The NAFTA Rules of Origin (Annex 401) are located in the text of the NAFTA Agreement on the website of the Organization of American States ([www.sice.oas.org/trade/nafta/Anx401a1.asp](http://www.sice.oas.org/trade/nafta/Anx401a1.asp)) or on the NAFTA Customs website ([www.nafta-customs.org](http://www.nafta-customs.org)) by selecting "NAFTA Topics" and then "Annex 401".

Exporters must carefully research the terms of the Agreement to determine whether their goods are entitled to NAFTA benefits. They should not assume that the goods are entitled to NAFTA benefits merely because they were made in a NAFTA country.

**STEP 4.** If the product meets the NAFTA rule of origin, complete the NAFTA Certificate of Origin. If the product does not meet the rule of origin, do not complete the Certificate.



### HOW LONG SHOULD COPIES OF THE CERTIFICATE OF ORIGIN BE RETAINED?

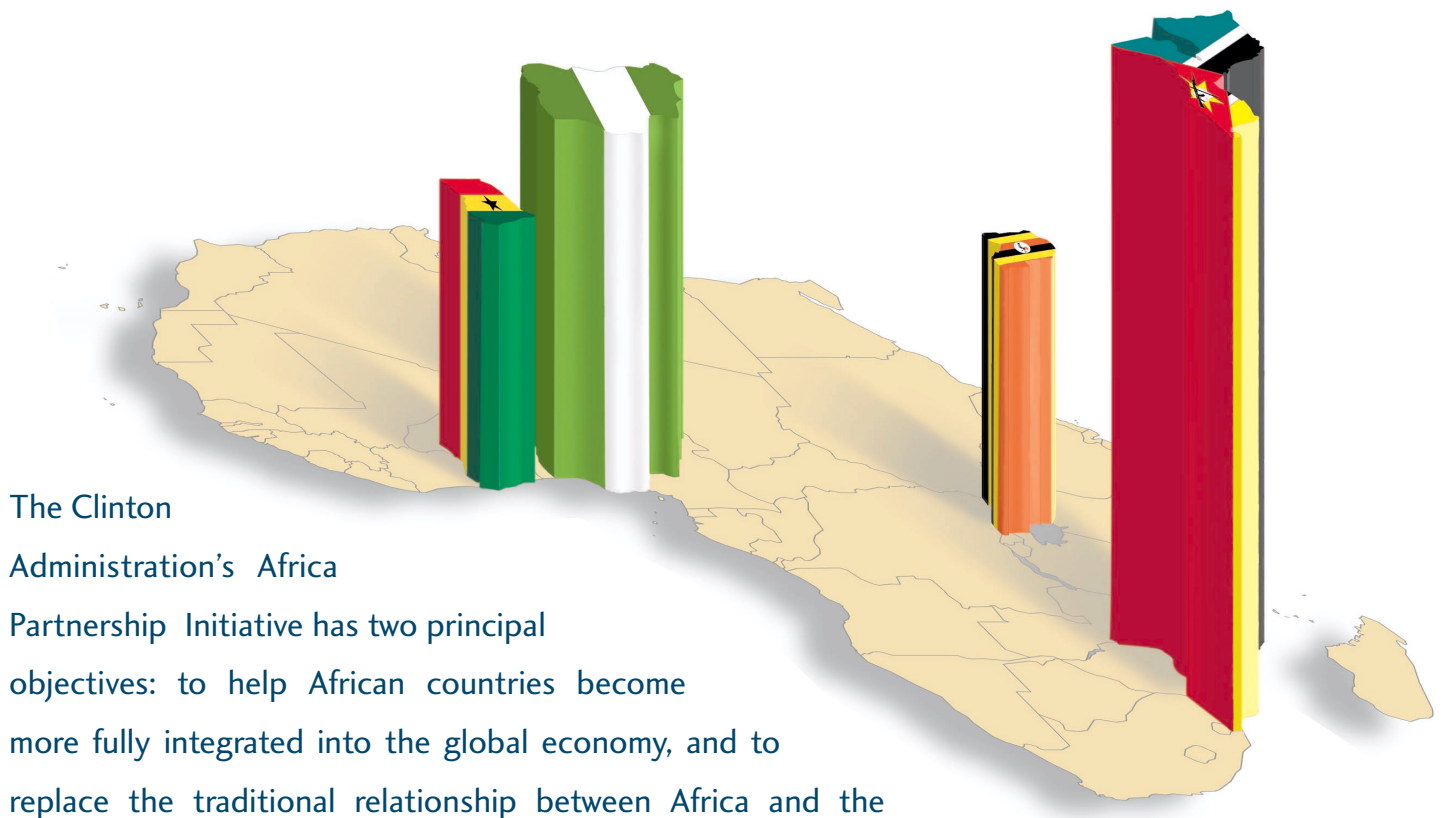
In the United States, the exporter is required to retain either the original or a copy of the Certificate for five years from the date of signature. The importer is required to retain the Certificate and all other relevant documentation for five years after the importation of the goods. The facts asserted in the Certificate must be supported by adequate records relating to the goods, and their materials and production. Mexican exporters must maintain a copy of the Certificate for 10 years. Canadian importers and exporters are required to keep the Certificate for six years from the time of the transaction for the importer and six years from the date of signing for the Canadian exporter. ■

#### **HOW DO I GET MORE INFORMATION?**

The U.S. Department of Commerce, Trade Information Center maintains information on the NAFTA rules of origin and the Certificate of Origin, including a link to the rules of origin, on its website (<http://tradeinfo.doc.gov>). Click on "Country Information" and then click on "NAFTA Certificate of Origin". TIC NAFTA specialists are also available to answer individual questions on the process (800-USA-TRADE).

# DESTINATION AFRICA

## SMALL MARKETS RUN DEEP



### The Clinton

### Administration's Africa

### Partnership Initiative has two principal

objectives: to help African countries become

more fully integrated into the global economy, and to

replace the traditional relationship between Africa and the

United States from one based on aid dependency to one based on a

mutually beneficial commercial affiliation. In recent years, many African nations have implemented far-reaching political and economic reforms to build democracy and free markets. These measures have boosted economic performance and opened new opportunities for U.S. businesses. The Africa Partnership—and particularly its centerpiece, the African Growth and Opportunity Act—holds out the promise of increased access to the U.S. market for African countries that implement such reforms.

The following articles demonstrate how Ghana, Nigeria, Uganda and Mozambique are striving to modernize and improve their business climates, and are becoming more open to U.S. trade and investment. Although these four are not the only African countries undertaking such measures, their challenges are typical of those faced by countries throughout Sub-Saharan Africa.





# GHANA

by Douglas Wallace

Office of Africa, Market Access & Compliance

Political stability, market-opening policies and natural resources have made Ghana a shining star of developing African nations. That is why it was no coincidence that President Clinton chose it as the first country visited on his historic African mission in March 1998. As President Clinton told the people of Ghana upon his arrival, "Ghana lights the way for Africa. Democracy is spreading. Business is growing. Trade and investment are rising."

## PATH TO REFORM

As Ghana's head of state since 1982, President Jerry Rawlings has successfully reversed the negative economic for-

mal role in the affairs of state, and since the late 1980s, Ghana has seen increasing civic participation and local government effectiveness and accountability.

With a GDP of \$7 billion in 1999, Ghana aspires to become a middle-income country by 2020. Gold and cocoa are Ghana's first and second largest exports and together account for over 70 percent of export earnings. The fact that tourism has become Ghana's third largest foreign exchange earner is an indication of increasing international confidence in the country's stability. Ghana has undertaken a series of comprehensive macro-economic and structural adjustment reforms that include

program of more than 300 state-owned enterprises. Thus far, approximately two-thirds of these entities have been privatized, most notably Ghana's pharmaceutical company and the Ashanti Goldfields Company. The establishment of an inter-bank foreign exchange market has greatly expanded access to foreign exchange. The elimination of almost all local production subsidies further indicates the government's intention to move forward toward a free market orientation for the economy.

The Ghanaian Government views foreign direct investment as critical to the country's development program, and as a result, they have worked to improve

## "AS PRESIDENT CLINTON TOLD THE PEOPLE OF GHANA UPON HIS ARRIVAL, 'GHANA LIGHTS THE WAY FOR AFRICA'."

reducing government involvement in the economy, encouraging private sector development, eliminating exchange controls and lifting virtually all restrictions on imports. In 1990, the Ghanaian Government began implementing an ambitious privatization

program of more than 300 state-owned enterprises. Thus far, approximately two-thirds of these entities have been privatized, most notably Ghana's pharmaceutical company and the Ashanti Goldfields Company. The establishment of an inter-bank foreign exchange market has greatly expanded access to foreign exchange. The elimination of almost all local production subsidies further indicates the government's intention to move forward toward a free market orientation for the economy.

Ghana's investment climate. Ghana's Investment Code guarantees free transferability of dividends, loan repayments, licensing fees and repatriation of capital; provides guarantees against expropriation or forced sale; and delineates dispute arbitration processes. Foreign investors enjoy equal treatment on taxes, access to foreign exchange, credit and importation of goods. Legislation concerning investments in mining and petroleum applies equally to foreign and Ghanaian investors. Though intellectual property protection is still an evolving area of law in Ghana, infringement of intellectual property rights has not had a significant impact on U.S. exports to the country.

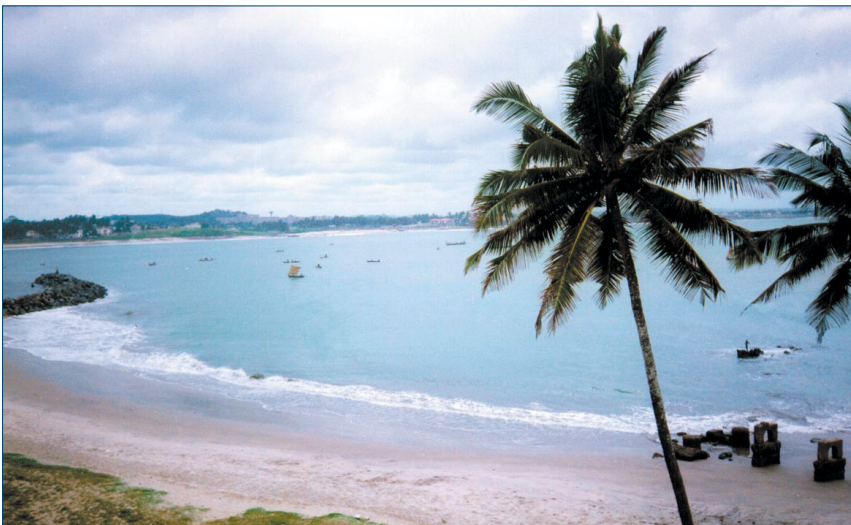


Photo by Douglas Wallace

View from Cape Castle, Ghana, May 15, 1999.

## OPPORTUNITIES & RISK

Despite its historic gravitation towards the United Kingdom, Ghana is developing an increased interest in U.S. goods and services because of their perceived superior quality and consistent

after sales service. The United States is now Ghana's third largest trading partner behind Britain and Nigeria. Ghana is the second largest U.S. export market in West Africa, and U.S. companies exported \$222 million worth of goods and services to Ghana between January and November 1999, a 10 percent increase from the same period in 1998. U.S. exports consist primarily of mining and drilling machinery, wheat, small planes, fertilizer and petroleum coke. U.S. energy companies in particular are strongly represented in Ghana. Best prospects for U.S. companies include mining industry machinery,

food processing and packing equipment, construction and earthmoving equipment, automobiles, light trucks, computers and peripherals, telecommunications equipment, and hotel and restaurant equipment.

U.S. companies should be aware that certain obstacles and problems exist in doing business in Ghana. These include limited Ghanaian purchasing power, inadequate credit facilities for local importers, poor infrastructure and freight rates that are higher than those of their potential European competitors. The U.S. Embassy also reports increasing

crime and growing problems related to government violations of private sector landowning rights and property rights.

For further information about Ghana, consult the Department of Commerce's Trade Information Center at Tel: (800) USA-TRADE or the Ghana Country Commercial Guide available online ([www.mac.doc.gov/tcc/country.htm](http://www.mac.doc.gov/tcc/country.htm)). The Economic/Commercial Section of the U.S. Embassy in Accra, Ghana can also provide advice and counseling for U.S. businesses.



## MOZAMBIQUE

by Eric Henderson

*Office of Africa, Market Access & Compliance*

In recent years, Mozambique has consistently set the pace for economic growth in Sub-Saharan Africa, and this trend is expected to continue. This coastal nation of 17 million in Southeast Africa

is forecast to post a 12 percent GDP growth rate this year, following rates of 10.5 percent in 1998 and 11.5 percent in 1999. Prudent economic policies have led to currency stability, low

inflation and projected GDP growth rates in the 7-10 percent range for the next five years. In order for Mozambique to continue to successfully implement its economic reform program, however, it must revive its agriculture, transportation and tourism sectors, reform its commercial code and modernize its registration and licensing laws.

Despite its strong growth and impressive reform record, Mozambique is still one of the world's poorest countries. Per capita GDP is a mere \$200 and the country has still not fully recovered from the damage done by 16 years of civil war.

### STABILITY LEADS TO REFORM

Since the signing of the 1992 peace accord which halted the civil war, Mozambique has enjoyed relative peace and political stability. The first



Photo courtesy of the Embassy of Mozambique

Mozambique, a coastal city of 17 million people, is forecast to post a 12 percent GDP growth rate this year.



national elections were held in 1994, and resulted in a civilian government led by President Joaquim Alberto Chissano. The Chissano regime was re-elected in December 1999, in elections considered largely free and fair by international observers. This environment has enabled the development of relatively democratic institutions and comprehensive economic reform. While political and economic reform is not complete, the effort has already achieved notable success and attracted foreign business interest.

#### OPPORTUNITIES FOR U.S. FIRMS

A number of U.S. firms, including Enron, Fluor Daniel and Kaiser Aluminum, have initiated major investment projects as a result of Mozambique's reforms, and the continued emergence of the 14-member Southern African Development Community (SADC) of which Mozambique is a member.



Photo courtesy of the Embassy of Mozambique

Mozambique has qualified for debt relief under the HIPC Initiative.

been involved in the privatization of Mozambique's flourmills, one of the country's major state enterprises. The national airline, electric and

tions to \$73 million. This will free the Government of Mozambique to use its resources to fund major infrastructure projects.

### **"OPPORTUNITIES FOR U.S. COMMERCIAL PARTICIPATION LIE IN TECHNOLOGY UPGRADES FOR FINANCIAL SERVICES DISTRIBUTION AND CONSULTING FOR THE SIMPLIFICATION OF BUREAUCRATIC PROCEDURES."**

Mozambique's future success hinges on the progress of several major foreign investment projects, involving the privatization and modernization of several large state-owned enterprises. An aggressive privatization program has resulted in the sale of nearly all of the 1,100 companies previously owned by the government. Seaboard Corporation has

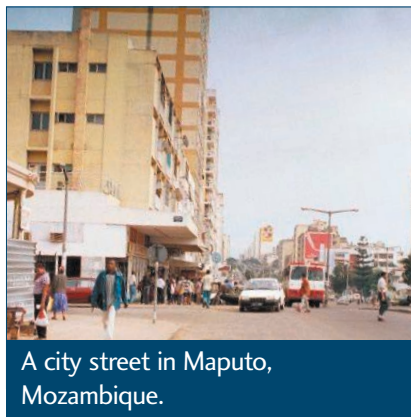
telephone companies now function as state-owned commercial entities, but are considering taking on strategic foreign partners as a prelude to privatization and the liberalization of their respective sectors.

As part of its economic and structural reform program for Mozambique, the IMF has approved a three-year \$79 million Enhanced Structural Adjustment Facility. This program will run through 2002, and should further boost confidence in the economy on the part of international donors and investors. Mozambique has also qualified for debt relief under the Highly Indebted Poor Countries (HIPC) initiative. The HIPC program will reduce Mozambique's debt burden by almost two thirds from \$2.7 billion to \$1 billion in net present value terms, and will lower annual debt service obliga-

Confidence should further expand as a result of the recent approval of the \$2.5 billion investment in the Maputo Iron and Steel Project (MISP), in which Enron is involved. A November 2001 close is expected on determining the rights for the huge Pande gas pipeline in the MISP, and Enron has signed a framework agreement with the Mozambique Government to develop the field. Implementation of the agreement is expected by the end of March 2000.

Additional opportunities for U.S. commercial participation lie in technology upgrades for financial services distribution and consulting for the simplification of bureaucratic procedures. A recent \$100 million World Bank loan to Mozambique for the restructuring of its ports and railway company,

Photo courtesy of the Embassy of Mozambique



A city street in Maputo, Mozambique.

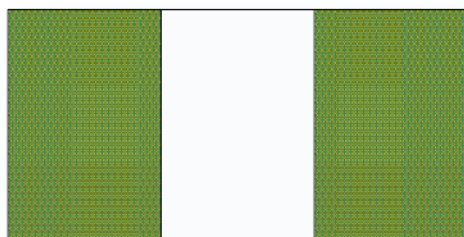


CFM, could also be a possible spur for U.S. exports.

In 1999, the Overseas Private Investment Corporation (OPIC) signed an Investment Promotion Agreement with Mozambique aimed at facilitating U.S. private investment. The agreement will allow OPIC to make direct invest-

ments and grant loans to U.S. businesses, who can either invest as single entities or in partnership with Mozambicans. The agreement comes on the heels of the Bilateral Investment Treaty signed between the United States and the Government of Mozambique during the U.S. State Visit of President Chissano in late 1998.

For more information on Mozambique, consult the Country Commercial Guide, or contact the Department of Commerce's Trade Information Center by phone at Tel: (800) USA-TRADE or Fax: (202) 482-4473. The Economic/Commercial Section of the U.S. Embassy in Maputo, Mozambique can also provide specific counseling to U.S. firms.



## NIGERIA

by Douglas Wallace

*Office of Africa, Market Access & Compliance*

Nigeria remains one of the key countries in Africa for U.S. trade and investment. Nigeria is the United States' second largest trading partner in Sub-Saharan Africa and U.S. exports to Nigeria totaled over \$600 million in 1999. While the U.S.-Nigerian commercial relationship is largely tied to the oil industry, numerous opportunities also exist in the computer, telecommunications, medical equipment, automotive part and construction equipment industries.

Two fundamental and omnipresent factors in the Nigerian equation have kept the country on the international business radar screen: the country's 110 million-strong consumer market (Africa's largest) and its production of high-grade oil (the world's sixth largest). The country's new found democracy combines with these two factors to attract greater interest in the Nigerian market.

### PROGRESS MADE

Nigeria is not the easiest place to do business. Companies still suffer from a poor banking sector and deteriorated infrastructure, as well as from more abstract problems such as fraud and corruption, ineffective government

policies and poor protection of intellectual property rights. In addition, oil companies operating in the Niger Delta suffer from violent demonstrations, occasional kidnapping of employees and sabotage.

In May 1999, Nigeria ended years of oppressive military rule when it inaugurated a new popularly elected civilian government. Since becoming one of the world's largest democracies, the government has implemented a number of reforms critical to improving the business climate. Privatization has proceeded, although behind schedule. The government has liberalized the foreign exchange mechanism. And, perhaps

most importantly, President Obasanjo's frontal assault on corruption has initiated a popular groundswell in support of transparency. His anti-corruption bill has passed the lower house in the National Assembly and awaits final approval from the Senate. The U.S. & Foreign Commercial Service Office in Lagos reports that the government has made headway on its pledge to practice open and competitive contracting. Though fundamental problems have yet to be addressed, progress thus far has increased private sector confidence in Nigeria.

The U.S. Government has clearly acknowledged this progress. Upon lift-



From left to right: Doug Wallace (DOC Nigeria Desk Officer), Atiku Abubakar (Nigeria Vice President), Robert Mallett (DOC Deputy Secretary), Ed Casselle (DOC DAS for Africa), Olusegun Obasanjo (Nigeria President), Ufo Eric-Atuanya (Secretary's Senior Advisor on International Trade).

Photo courtesy of USDOC

ing the U.S. ban on direct flights between the United States and Nigeria on December 22, 1999, President Clinton said, "Nigeria is reversing the damage that years of corruption and mismanagement inflicted upon its international reputation. I look forward to strengthening our partnership with Nigeria even further."

The Clinton Administration has included Nigeria as one of the four countries it is most determined to support in guaranteeing a successful democratic transition. The bi-annual U.S.-Nigeria Joint Economic Partnership Commission (JEPC), which held its first session in Washington (November 4-5, 1999), was established to encourage government-to-government dialogue on important commercial and economic issues. The JEPC features a strong private sector component and will convene again this June in Abuja. In addition, OPIC and Export-Import Bank have restored their operations to support U.S. export sales to Nigeria.

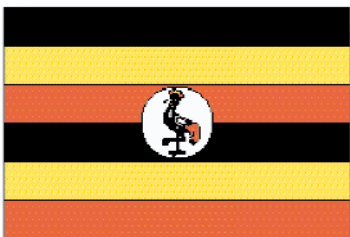
The Commerce Department has played a central role in re-engaging Nigeria commercially. In December 1998, Secretary Daley became the first Commerce Secretary to visit Nigeria in 17 years when he led a business development mission to Abuja. Deputy Secretary Mallett visited Nigeria last July and has met President Obasanjo on three separate occasions. The Commerce Department's Commercial Law Development Program has designed a multi-year program to assist Nigeria, which will include technical assistance, training and public awareness events concerning government ethics, project finance, intellectual property rights, public procurement and regulatory reform.

#### MANAGING RISK

The vast majority of firms in Nigeria are legitimate and reputable and it would be a mistake to exclude Nigeria from an African commercial strategy based on alarmist, misleading and incomplete information. American companies can

avoid falling victim to fraudulent business activities through prudence. Guarantee your means of payment through a letter of credit. Order an International Company Profile through your local Commerce Department office to learn about a Nigerian company's reputation and financial standing. Familiarize yourself with Nigerian scams ([www.travel.state.gov/tips\\_nigeria.html](http://www.travel.state.gov/tips_nigeria.html)) and the Nigerian business environment ([www.mac.doc.gov/tcc/country.htm](http://www.mac.doc.gov/tcc/country.htm)). Also request Nigerian companies to register at the U.S. Embassy Commercial section. Finally, it is useful to remember that in Nigeria, as in most places, success comes to those who know the market.

To find out more about doing business in Nigeria, call the Commerce Department's Trade Information Center at Tel: 1(800) USA-TRADE, or contact the U.S. & Foreign Commercial Service post at the U.S. Embassy in Lagos at Tel: (234 1) 261-0078.



## UGANDA

by Tshanda Kalombo

*Office of Africa, Market Access & Compliance*

Uganda, a country of 21 million people located in East Africa, has emerged from its troubled past and now boasts one of the world's fastest growing economies. After gaining independence from Great Britain in 1962, Uganda was set to become a success story among developing countries. The country was experiencing rapid agricultural growth from successfully exporting cash crops. There was a burgeoning capitalist class and the industrial sector was on a solid growth path.

In the late 1960s, however, the country's march toward development and modernization was derailed by civil and political instability, which continued until 1986. During this period, the Ugandan State effectively collapsed; the economy was devastated by political anarchy, ethnic strife, endemic corruption, and shattered administrative and institutional frameworks. Between 1970 and 1980, Uganda saw a decline of 20 percent in GDP.

#### REFORM UNDER MUSEVENI

Under the leadership of Yoweri Museveni, who became President in 1986, Uganda has seen a solid 14 years of political stability and an impressive growth and reform record. President Museveni is praised as a reform-minded leader and has credibility in the international donor and investment community. Upon becoming president of Uganda, he set out to achieve national reconciliation and

cohesion, to rebuild Uganda's social, political and economic infrastructure, and to eradicate poverty.

On the political front, peaceful presidential and legislative elections took place in the summer of 1996. A referendum in 2000 will decide whether Uganda will adopt a multi-party political system. The next elections are slated for 2001.

To rebuild a devastated economy, President Museveni adopted an Economic Recovery Program (ERP) as well as a series of rehabilitation and development programs. Through this reform plan, Uganda implemented policies of orthodoxy prescribed by the World Bank and IMF. Among the key features of the program was the removal of economic distortions by liberalizing prices, foreign exchange and trade practices. In addition, the Government of Uganda has been pursuing fiscal and monetary

tem. As a result of a comprehensive educational outreach program, the AIDS infection rate has declined from 30 percent to 12 percent in Kampala, one of the worst affected areas.

Uganda has also benefited from debt relief through the IMF's Highly Indebted Poor Country (HIPC) Initiative and has recently received a \$40 million IMF loan.

The Ugandan government has made remarkable progress in implementing its reforms, and is now one of Africa's strong economic performers. GDP growth averaged nearly 7 percent over the last five years, with highs of 10.5 percent and 8.1 percent in 1995 and 1996. Growth slipped to 5.2 percent in 1997 due to bad weather, but has accelerated since then, with the IMF projecting a 7 percent average for 1999-2002. Other key indicators have also dramatically improved. Tight monetary policy

Uganda is actively seeking foreign participation in the economy, and has created a positive and open foreign investment environment. The Government of Uganda (GOU) offers accelerated depreciation as an incentive for investors. Land ownership and registration in the stock exchange are the only restrictions on foreign investment.

## OPPORTUNITIES

Lucrative opportunities exist for U.S. firms. Agriculture, which accounts for 90 percent of export earnings, construction and infrastructure are growth sectors. The best prospects for U.S. firms are in the following sectors: agriculture, food processing, livestock, tourism, transportation, light manufacturing, mining and telecommunications. A number of U.S. firms are successfully operating in Uganda, including Pepsi-Cola, Coca-Cola, Sheraton, Citibank, Colgate-Palmolive and Cargill. AES

## **"UGANDA IS ACTIVELY SEEKING FOREIGN PARTICIPATION IN THE ECONOMY, AND HAS CREATED A POSITIVE AND OPEN FOREIGN INVESTMENT ENVIRONMENT."**

discipline, creating an environment conducive to investment, and privatizing public enterprises. Infrastructure rehabilitation and education and health sector reforms have also been on the top of the agenda.

Many sectors of the economy were liberalized. The Ugandan shilling became freely floating in 1993. Foreign exchange controls have been lifted. Import restrictions and price distortions were removed. More than half of the 142 state-owned enterprises in the privatization program were sold. Investment laws have been amended to encourage foreign investment. The government is also making progress in improving social conditions. Primary school enrollment in Uganda more than doubled after investments were made in its educational sys-

and fiscal discipline reduced inflation to single digits, stabilizing at 6.5 percent, compared with over 200 percent in 1987.

## FURTHER STEPS TOWARDS GROWTH

Despite the impressive growth and reform record, Uganda is still a poor developing country, with some of the lowest welfare indicators in Sub-Saharan Africa. It is heavily dependent on foreign assistance, with about half of government expenditure financed through aid. Corruption in the public and private sectors persists. Uganda continues to face security concerns in the North and West, and is embroiled in the war in neighboring Democratic Republic of Congo. Transportation, telecommunications infrastructure and utility services are in poor condition.

Corporation, a Virginia-based power generation company, recently concluded an agreement to build a hydroelectric power plant in Uganda to alleviate serious power shortages in the region. ■

For more information on Uganda's economic, political and market climate, consult the Uganda Country Commercial Guide online ([www.mac.doc.gov/tcc/country.htm](http://www.mac.doc.gov/tcc/country.htm)). The Department of Commerce's Trade Information Center (800-USA-TRADE), the Economic/Commercial Section of the U.S. Embassy in Kampala, Uganda and the Commercial Service Office at the U.S. Embassy in Nairobi, Kenya are ready to provide U.S. firms with counseling on doing business in Uganda.



# UPCOMING TRADE EVENTS

APRIL-DECEMBER 2000

DATES	EVENT	LOCATION
April 1- Nov 30	EXPOFERIA ITINERANTE DE EDUCACION Expoferia Itinerante is a moving show that will visit 130 high schools (one per day) over an eight month period.	Santiago, Chile
April 4-6	STRATEGIC CORPORATE SECURITY 2000 This show includes a seminar on, and an exhibition of, products and services for the security industry.	Mexico City, Mexico
April 9-11	ENVIRONMENTAL CONFERENCE The topic of this conference is international practices in urban and industrial waterfront reclamation in the Baltic Sea region. Urban planners, private sector experts and urban decision makers from the U.S. and the Baltic Sea Region will review best practice examples of waterfronts redeveloped from damaged lands, including former port and industrial sites. The technical aspects of risk assessment and remediation planning will be discussed along with the economic and development strategies necessary to finance environmental remediation and promote sustainable use of remediated lands. Multi-use planning for reclaimed waterfronts will be emphasized. The conference is designed to bring together major private, public and NGO players. The conference will feature interesting and informative presentations from U.S. and Baltic experts, site visits, and networking opportunities with representatives from government, private sector companies, financial institutions, and engineering and architecture services. This conference will give U.S. urban planners, architects and developers an excellent chance to interface with Baltic Sea decision makers and to evaluate market opportunities.	Lübeck, Germany
April 11-13	MIDDLE EAST INTERNATIONAL LEISURE EXPO The Middle East International Leisure Expo is an international exhibition of sporting goods, sportswear, fitness equipment, nutrition and leisure products and services, including garden furniture, camping equipment, saunas, spas and pools.	Dubai, United Arab Emirates
April 17-21	HIGH TECHNOLOGIES IN THE DEFENSE COMPLEX This is a first ever opportunity for foreign companies to learn about Russian technologies and defense industry companies that have long been hidden behind tight security. It will cover aerospace, telecommunications, medicine and biotechnology, new high-strength and environmentally friendly materials, atomic power engineering, laser applications, ecology, and dual-use technologies. Seminars and roundtables on converting defense industries to civilian production, site visits to Moscow companies and assistance in making contacts will also be available to participants.	Moscow, Russia
May 1-5	SAUDI REVERSE TRADE MISSION TO THE OFFSHORE TECHNOLOGY CONFERENCE The Commercial Service (CS) in Saudi Arabia will organize and lead a delegation of senior managers from well-known Saudi companies to the Offshore Technology Conference, which is one of the largest international oil shows in the world. CS Saudi Arabia has been successfully leading delegations to OTC since 1991. These trips have always resulted in equipment sales and signing of agency agreements between delegation members and U.S. companies.	Houston, Texas
May 2-5	ARABIAN TRAVEL MARKET This show focuses on inbound and outbound travel and tourism for the Middle East and Pan Arab Region.	Dubai, United Arab Emirates
May 8-12	SVYAZ/EXPO COMM MOSCOW 2000 Telecommunication companies interested in Russia and the Newly Independent States will not want to miss this Department of Commerce certified trade show, which is considered the leading telecom event in the region. With over 370 companies expected, the show will cover all aspects of the field from conventional, to wireless, to broadcast, and also will include many concurrent professional presentations. Commercial Service Moscow will have a product literature display and will organize a briefing and representational event for U.S. exhibitors.	Moscow, Russia

## HIGHLIGHTED EVENTS

## INDUSTRY CONTACT INFORMATION

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Environmental Equipment	Birgit Dose Tel: (49 40) 41171-3 Birgit.Dose@mail.doc.gov
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## INFORMATION TECHNOLOGY TRADE MISSION

## SEOUL &amp; PUSAN, SOUTH KOREA JUNE 11-17 &amp; TAIPEI, TAIWAN

The Office of Computers and Business Equipment will lead an information technologies industry trade mission to Taipei, Taiwan and Seoul and Pusan, South Korea from June 11-17, 2000. The mission will be led by John E. McPhee, Director of the Office of Computers and Business Equipment in the International Trade Administration. It will include executives from a variety of U.S. IT firms specializing in Internet technologies, e-commerce and wireless technologies who are interested in entering or expanding their presence in Far East Asia where markets are projected to grow at double and triple-digit rates. In Taiwan, companies may also attend the coincident World Congress for Information Technology. For more information about the mission or these markets, please contact Tu-Trang Phan at Tel: (202) 482-0480; Fax: (202) 482-3002; or Email: Tu-Trang\_Phan@ita.doc.gov. Or, visit the Office of Computers homepage (<http://ExportIT.ita.doc.gov>).

## TELECOMMUNICATIONS TRADE MISSION

## CHILE &amp; ARGENTINA JUNE 18-23

Ellis R. Mottur, Deputy Assistant Secretary for Technology and Aerospace Industries, will lead a telecommunications trade mission to Chile and Argentina, June 18-23, 2000. The mission is designed for representatives from a variety of U.S. telecom services and equipment firms interested in gaining a foothold in the fast-growing Chilean and Argentine telecommunications markets.

Telecommunications is Chile's fastest growing industrial sector, growing at an annual average rate of 14 percent since privatization. Domestic production of telecommunication equipment is minimal and is limited to some central office equipment, wire and cable. Nearly 95 percent of telecommunications products are imported. The Argentine market for telecommunications equipment and services is experiencing rapid growth in the wake of privatization/liberalization efforts launched over the past decade. Argentina's highly developed telecommunications infrastructure, sophisticated customer base and relatively high prices should offer a wealth of opportunities to U.S. firms.

For more information, contact Mr. Richard Paddock at Tel: (202) 482-5235 or Email: Richard\_Paddock@ita.doc.gov.

## U.S. PAVILION AT OFFSHORE NORTHERN SEAS (ONS) 2000

## STAVANGER, NORWAY AUGUST 22-25

The Commercial Service of the U.S. Embassy, Oslo, will organize an official U.S. Pavilion at Offshore Northern Seas (ONS) 2000, one of the world's largest trade shows and conferences for the oil and gas industry. Since 1974, ONS has been a biannual event in the oil and gas "capital" of Norway. ONS 2000 is already well on its way to registering 1,000 exhibiting companies from over two dozen countries

continued on page 25

DATES	EVENT	LOCATION
May 14-20	<b>AEROSPACE TRADE MISSION TO BRAZIL</b> Mission members will gain first-hand market information and access to key government officials and executives from Brazilian airlines, aircraft manufacturers, space agencies and airport authorities, as well as from potential business partners in general aviation.	Rio de Janeiro, Brasilia & Sao Paulo, Brazil
May 17-19	<b>EXPOCARNE 2000</b> Expocarne 2000 is a biennial meeting of the meat industry.	Santiago, Chile
May 23-25	<b>REPCOM GUADALAJARA 2000</b> This is a trade exhibition featuring U.S. products and services. RepCom Guadalajara is an excellent opportunity in the Central Region of Mexico for new-to-market companies.	Guadalajara, Mexico
June 19-23	<b>NEFTEGAZ-2000</b> Oil & gas equipment, engineering and servicing companies interested in the energy industry in Russia and the NIS will find this Department of Commerce certified trade show to be a leading event in the region. Over 600 exhibiting companies and 40,000 professional visitors are expected and the show will cover the field from upstream to downstream, transportation and services. Many professional presentations will proceed concurrently. Commercial Service Moscow will have a booth to assist companies in their matchmaking efforts and organize events for U.S. exhibitors.	Moscow, Russia
June 20-22	<b>REFURBISHED MACHINE TOOLS 2000</b> This is the first exhibition in Mexico City of Refurbished Machine Tools. This event is an excellent opportunity for small and medium-sized companies looking to penetrate the market in Mexico.	Mexico City, Mexico
July	<b>THE 2ND INTERNATIONAL INFORMATION SHOW</b> A key event in the Northeast, this show is located in the best of the region's areas for new business. Drawing on Northeast University, the mayor and provincial officials seek to support this show and similar efforts to innovate state-owned enterprises and launch new businesses related to information technology.	Shenyang, China
August 8-10	<b>FHIGA SHOW</b> This show will feature hotel and restaurant equipment and machinery.	Santiago, Chile
August 8-10	<b>SUPERMARKET SHOW</b> This show will feature supermarket technologies and equipment.	Santiago, Chile
August 19-31	<b>MEDICAL DEVICES TRADE MISSION</b> The goal of this mission is to provide U.S. medical device companies first-hand market information, facilitate their access to key government officials and introduce them to potential business partners.	Taipei, Taiwan & Kuala Lumpur, Malaysia
August 23-27	<b>EXPOGOURMAND</b> This is a gastronomical and wine event featuring gourmet foods, restaurant equipment, services and decorations.	Santiago, Chile
September 6-8	<b>CALIFORNIA 2000</b> California 2000 is a trade exhibition featuring products and services from the State of California. This is an excellent opportunity for new-to-market companies interested in finding representatives, distributors and joint venture partners in Mexico.	Mexico City, Mexico
September 6-9	<b>EXPOAGRO 2000</b> This is an international exhibition of machinery, equipment and supplies for agriculture, livestock, horticulture, and fruit- and flower-growing sectors of Chile.	Santiago, Chile
Nov. 29-Dec. 2	<b>EXPOPESCA 2000</b> Expopesca 2000 is an international exhibition of equipment, services and supplies for the fishing and aquaculture industry in Latin America.	Santiago, Chile



## INDUSTRY CONTACT INFORMATION

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Hotel/Restaurant	Mary Lou Lathrop Tel: (56 2) 330-3371 Mary.Lou.Lathrop@mail.doc.gov
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Fisheries	Mary Lou Lathrop Tel: (56 2) 330-3371 Mary.Lou.Lathrop@mail.doc.gov

from throughout the world, which are estimated to attract more than 30,000 industry sector visitors.

Norway is the second largest net exporter of crude oil in the world and one of the top ten exporters of natural gas. This makes ONS an excellent venue for showcasing high-quality and cost effective U.S. products and services in the global oil and gas market. U.S. firms will have a unique opportunity to exhibit in the well-positioned U.S. Pavilion. "Turn-key" booths, an exclusive hospitality and meeting area with complimentary refreshments, special business briefings and introductions, and VIP receptions are included in the Pavilion booth fees. Participating firms will also be highlighted in a special U.S. Pavilion catalog for widespread distribution to industry contacts and trade press prior to the show.

Interested companies should contact Sebastian Remøy, Senior Commercial Specialist at the U.S. Embassy, Oslo, and project manager for the U.S. Pavilion at ONS 2000 at Tel: (47 21) 30 88 34 or (47 21) 30 88 66, Fax: (47 22) 55 88 03 or Email:Sebastian.Remoy@mail.doc.gov or csoslo@online.no. The website for ONS 2000 is at [www.ons.no](http://www.ons.no).

### SANA

MILAN, ITALY

SEPTEMBER 14-17

The Commercial Service of the U.S. Department of Commerce in Milan, in cooperation with the Agricultural Trade Office, will organize a U.S. Pavilion at SANA, the international natural products show held at the Bologna Fairgrounds.

SANA is Italy's largest natural nutrition, health and environment product show and the second largest in Europe. SANA 2000 is expected to feature over 1,300 exhibitors and close to 70,000 visitors, including importers, distributors, agents and buyers from around the world. Firms participating in the U.S. Pavilion at SANA will receive a fully constructed and furnished booth, a targeted promotional campaign throughout Italy, on-site logistical and marketing assistance by U.S. Consulate personnel, interpreters, articles in Italian trade magazines, assistance with hotel reservations and much more. SANA is held in Italy's agricultural production breadbasket and cultural center near Florence with ready access to Venice, Rome and Milan.

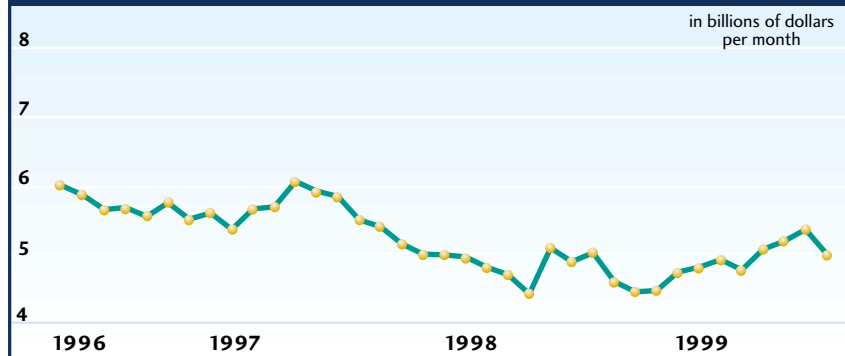
SANA 2000 brings together companies showcasing a wide range of natural and environment friendly products. These include organic foods and biological nutrition products, food supplements, vitamins, herbs, officinal plants, natural medicines, homeopathic products, natural cosmetics, natural therapies and treatments, furnishings, clothing, handicrafts, ecological paper and packaging, and much more. Participation in the U.S. Pavilion at SANA costs \$4,150 for a 3 x 4 m. booth. Alternatively, you can share a booth for \$2,300 or opt for a catalog and sample display for only \$500.

For more information contact: Robert H. Curtis, Agricultural Trade Officer, at Email: [Curtis@fas.usda.gov](mailto:Curtis@fas.usda.gov) or Piera Gattinoni, Commercial Specialist, U.S. Consulate, Milan, Italy, at Email: [Piera.Gattinoni@mail.doc.gov](mailto:Piera.Gattinoni@mail.doc.gov); Tel: (39 02) 6592260; or Fax: (39 02) 6596561.

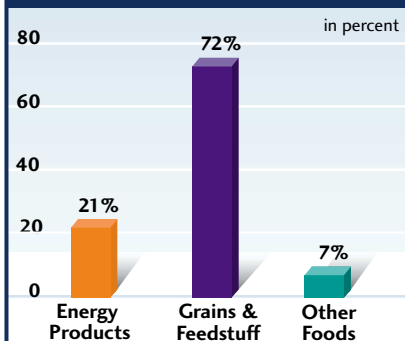
## FOOD AND ENERGY

The fall-off in November exports of food and energy reflected reduced overseas shipments of grains, fish, fuel oil and nuclear fuel materials. A notable exception was the rebound in exports of nuts.

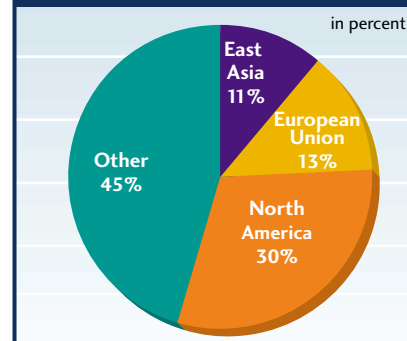
## FOOD AND ENERGY



## BY INDUSTRY



## BY REGION



## MATERIALS

The strong growth in materials exports primarily represented a surge in shipments of non-monetary gold. Most other materials categories experienced small gains or declines.

Product categories (except for services) are based on end-use classification.

North America: Canada and Mexico.

The European Union: Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

East Asia: China, Hong Kong, Japan, Indonesia, South Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.

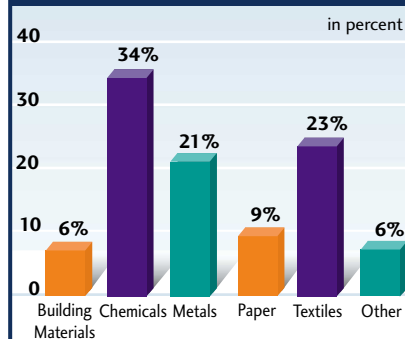
The chart showing exports of services by region is based on data for calendar year 1998. Other charts showing product mix and geographic destination are based on data for the twelve months ending with November 1999.

Source: Bureau of the Census (goods), Bureau of Economic Analysis (services).

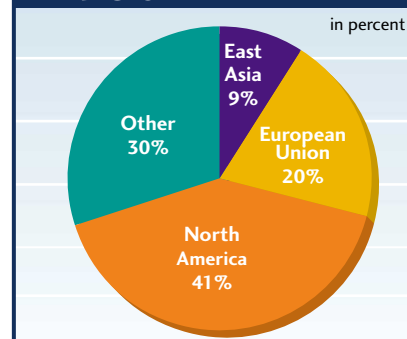
## MATERIALS



## BY INDUSTRY

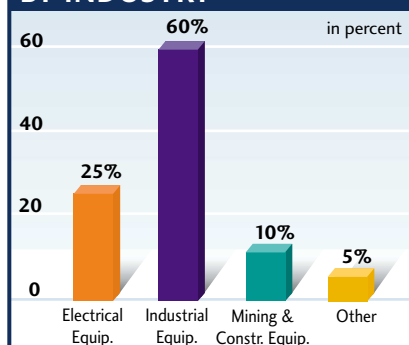
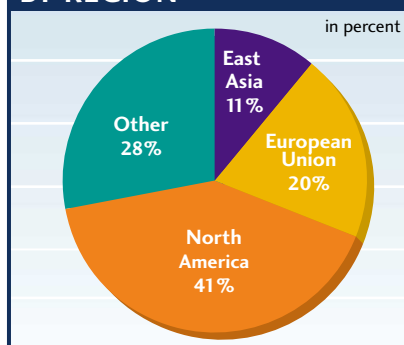


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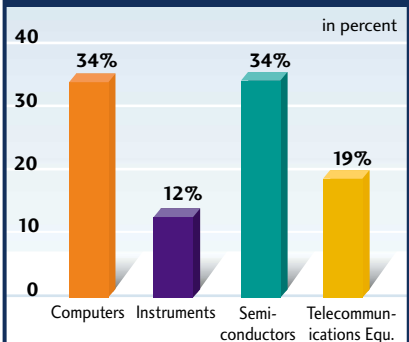
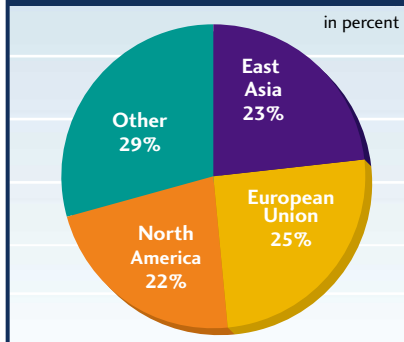


**MACHINERY****MACHINERY**

Machinery exports resumed their growth trend in November, led by drilling and oilfield equipment and electronic apparatus. Overseas shipments of metalworking machine tools, however, fell back to their August levels.

**BY INDUSTRY****BY REGION****ELECTRONICS & INSTRUMENTS****ELECTRONICS & INSTRUMENTS**

A rebound in semiconductor exports led the gains in the electronics and instrument category. Increased sales of telecommunications equipment were partially offset by reduced computer sales.

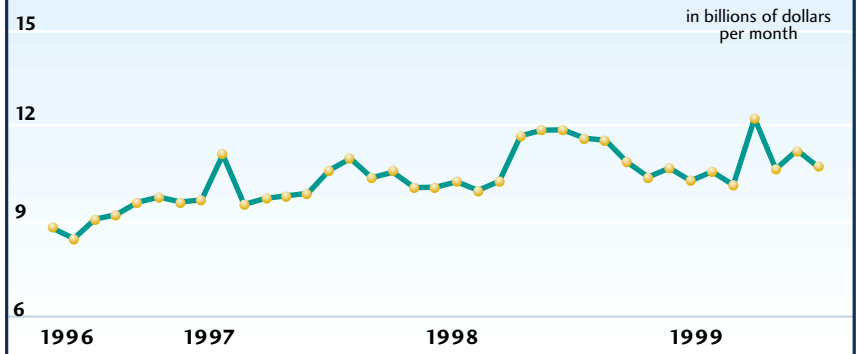
**BY INDUSTRY****BY REGION**



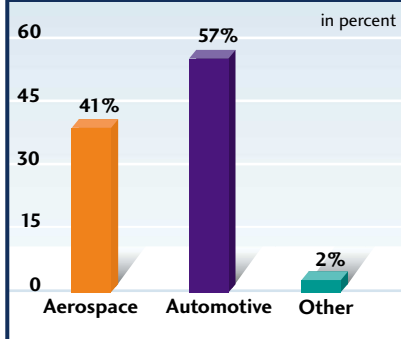
### TRANSPORTATION EQUIPMENT (CIVILIAN)

Reduced November exports of the volatile civilian aircraft category accounted for most of the decline in this category. Automotive sales abroad also fell somewhat, but railway transportation equipment shipments advanced.

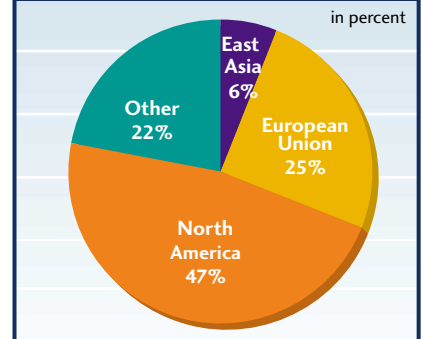
#### TRANSPORTATION EQUIPMENT



#### BY INDUSTRY



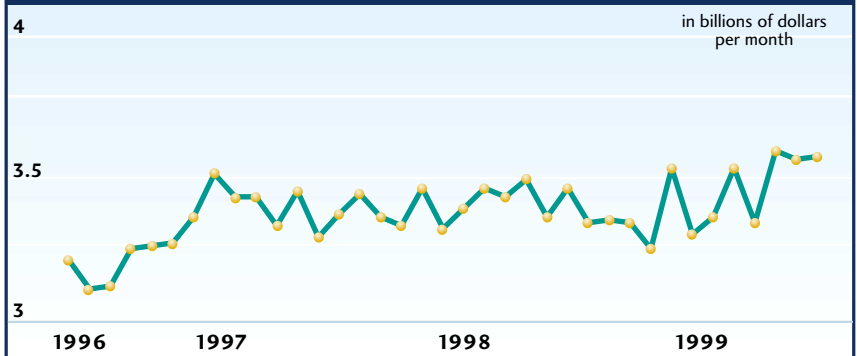
#### BY REGION



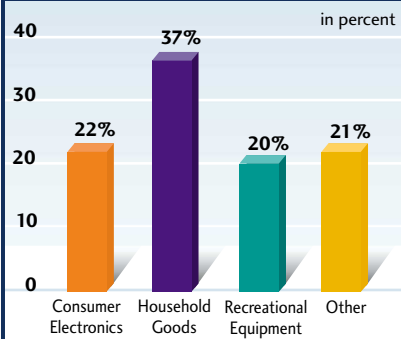
### CONSUMER DURABLES

Modest gains in exports of household goods and consumer electronics were largely offset by reduced overseas sales of recreational equipment and artwork, antiques and related merchandise.

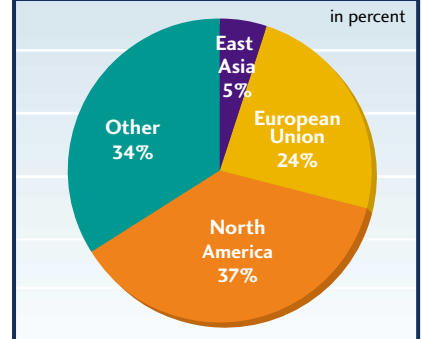
#### CONSUMER DURABLES

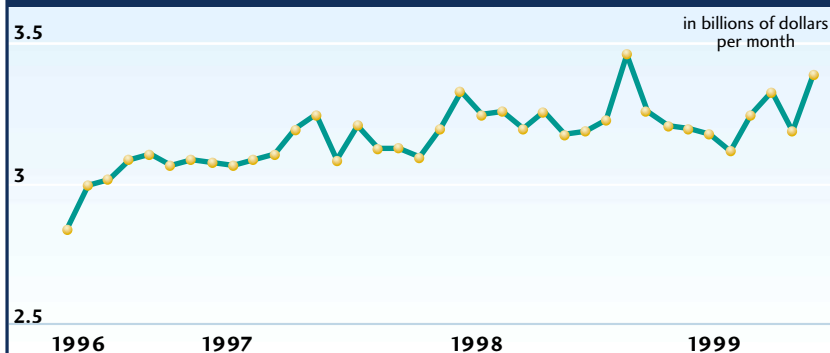


#### BY INDUSTRY

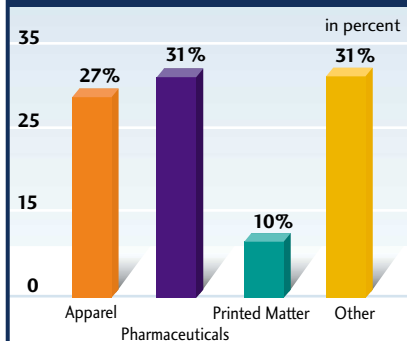
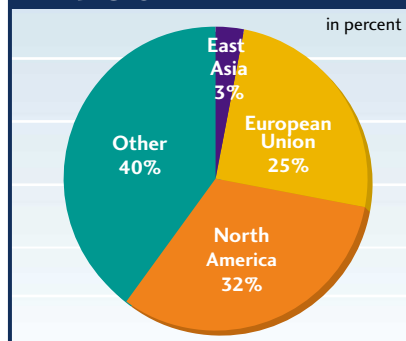
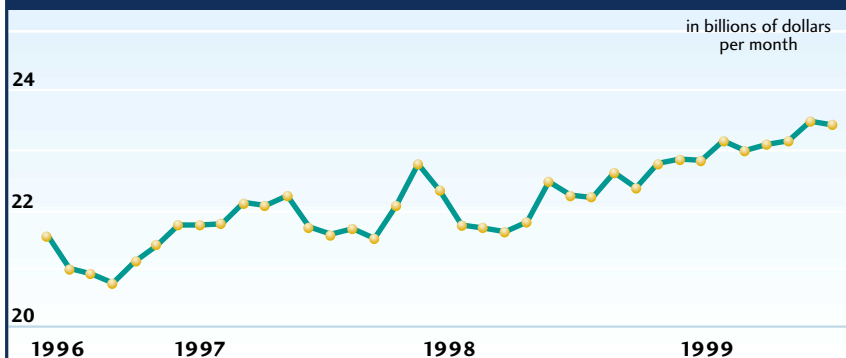


#### BY REGION

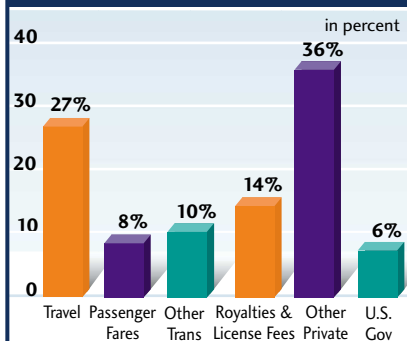
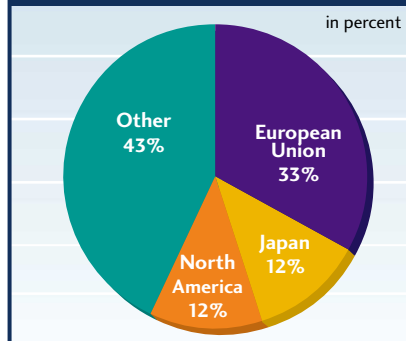


**CONSUMER NONDURABLES****CONSUMER NONDURABLES**

The November resumption in the growth of these exports reflected increased sales of apparel, pharmaceuticals and manufactured tobacco.

**BY INDUSTRY****BY REGION****SERVICES****SERVICES**

Decreased travel services receipts (money spent by foreign travelers in the U.S.) accounted for the decline in services' exports during November.

**BY INDUSTRY****BY REGION**

Additional information is available from the International Trade Administration ([www.ita.doc.gov/tradestats/](http://www.ita.doc.gov/tradestats/)),

the Bureau of the Census ([www.census.gov/foreign-trade/](http://www.census.gov/foreign-trade/))

and the Bureau of Economic Analysis ([www.bea.doc.gov/bea/](http://www.bea.doc.gov/bea/)).

Prepared by the Office of Trade and Economic Analysis, Trade Development. For more information call (202)-482-2056.

# A .GOV FOR THE .COM GENERATION

by Doug Barry

*U.S. & Foreign Commercial Service*

Most people have heard of .coms, and many know that several of them paid millions of dollars for a 30-second commercial spot on the recent Super Bowl. But not many people know about .govs.

If you are interested in expanding your market outside the U.S., however, there is one .gov you should know about: [www.usatrade.gov](http://www.usatrade.gov), the website of the U.S. and Foreign Commercial Service.

"If you're serious about reaching the 95 percent of consumers who live outside the U.S. market, you'll want to be a regular visitor to the Commercial Service website," says Commercial Service Deputy Director General Jerry Mitchell. "Thanks to the Internet and e-commerce, small and medium-sized firms have the tools to enter international markets as never before."

## ROOM FOR MORE EXPORT GROWTH

And, many more of these kinds of companies across the nation are doing it. Mitchell points to a threefold increase during the past few years in small companies that export (see chart). This is encouraging, he says, but it is still only 1 percent of the total numbers of small companies (those with less than 50

employees) and medium-sized companies (those with between 50 and 500 employees). "If we just doubled this number, imagine the benefits to our national economy and to our communities," he said.

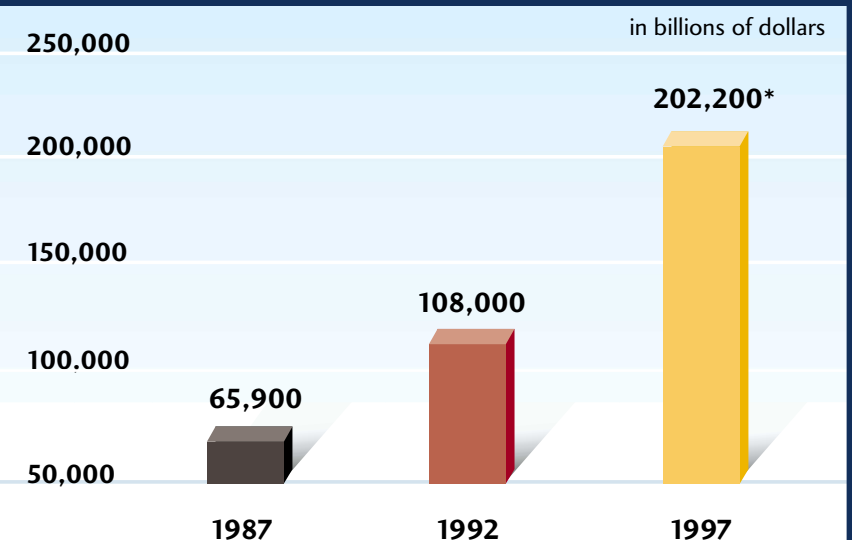
But doing the math is easier than doing the deals, and that's why smaller firms need access to information and to reasonably priced services to help launch them on their way. Visitors to [www.usatrade.gov](http://www.usatrade.gov) will find a vast array of information resources at their fingertips. Market research conducted by Commercial Service officers on more than 90 countries, from Algeria to Zambia, is accessible on the site's searchable databases. Trade leads screened by these same officers are also available.

Fresh leads are generally posted at the rate of several each day, but on one day in January nearly 40 were posted. The leads are free but visitors to the site must register.

Mo Ahmed, a principal—in a small California-based trading company, specializing in the cut-throat medical equipment field, recently sold \$235,000 worth of American-made equipment to a hospital in Quito, Ecuador by following one of the trade leads.

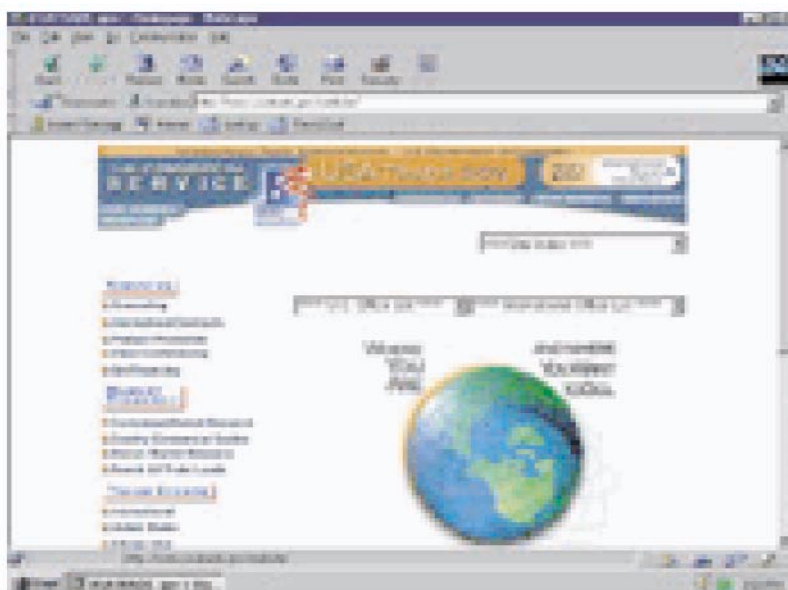
He has also used leads to make sales in Chile, Panama and Yemen, and is evaluating additional leads now from India, Russia, Bangladesh, Peru and Vietnam. "We see business-to-business transactions via the Internet growing by leaps

## HOW MANY SMALL BUSINESSES ARE EXPORTING?



\*This figure represents only 1% of all SMEs in the U.S.!





and bounds in the years ahead, and we need a steady stream of pre-qualified suspects in the hopes of turning them into prospects and finally to actual sales.”

According to Mitchell, Ahmed’s experience is an example of what happens when tools like the Internet are used to help U.S. companies sell products and services in more than one international market (see chart). The majority of smaller firms that export tend to sell their manufactured items in only one overseas market. “By using our website and working with our field offices, smaller firms can leverage their experience in one market to enter others with only a marginal increase in market development costs.” The Commercial Service has 105 domestic offices and posts in 84 countries.

### ONLINE MARKET RESEARCH

Say a company wants to sell pollution control equipment in China. Surprisingly, China is a good market for small and medium-sized companies, which were responsible for 35 percent of all U.S. exports to China by volume and value in 1997, up 8 percent from 1992. Of the more than 9,000 U.S. companies exporting to China in 1997, 82 percent were small and medium-

sized. China is the world’s 10th largest export market for these companies.

Businesspeople seeking information about China should look at [www.usatrade.gov](http://www.usatrade.gov). There they will find a wealth of market research by industry sector and a Country Commercial Guide providing detailed information on market conditions, sales channels, best prospects and much more. There’s also a weekly bulletin featuring reports from the Chinese business press, compiled by the Commercial Service post in Beijing. In addition, visitors to the site can also download a handbook on doing business in China, published by the post. All this information is free of charge.

For those wanting to contact the China experts at the post, there is an email link as well as a link to the post’s website, where even more detailed information can be found. U.S. businesses can use the link to get descriptions of customized market research products, such as a list of agents and distributors who have interests and capabilities that go along with products of the U.S. seller.

This .gov also provides:

- A calendar of trade shows, trade

missions, and other important events both domestically and overseas;

- Direct email and electronic links to all Commercial Service domestic and international offices;
- Publications, including the *Basic Guide to Exporting*;
- A description of, and access to, Commercial Service products including customized market research and introductions to potential buyers and partners;
- Information on sources of trade financing; and,
- Links to other export assistance resources operated by the Federal Government.

Will there be Super Bowls in this .gov’s future? “Not likely,” says Deputy Director General Mitchell. “For many of our clients, their Super Bowl is making international sales. This website, combined with our worldwide network, is dedicated to helping more U.S. businesses become world-class players and winners.” ■

The U.S. Commercial Service, the export promotion unit of the U.S. Department of Commerce, operates [www.usatrade.gov](http://www.usatrade.gov). With 20 years of experience generating sales, the Commercial Service helps U.S. companies that are ready to make their first international sale, need help getting there, and are looking to expand their markets. Assistance includes identifying best markets, effective market strategies, distribution channels, pricing and overseas representation.

# Electronic Commerce: How is it impacting your exports and imports?

The speed and global reach of the Internet have dramatically expanded opportunities open to U.S. exporters. But e-commerce also presents challenges to governments, such as the potential need to re-evaluate international trade policy and legal issues. Some countries may respond to e-commerce growth by adopting approaches that could operate as trade barriers, undercutting the flexibility and seamlessness that make the Internet such a powerful medium. The primary thrust of U.S. policy on electronic commerce has been to avoid government actions that might impede its growth and to rely on the private sector to lead in the development of the online marketplace. For this reason, the Department of Commerce and USTR need regular advice from the private sector to effectively address these issues and to identify new and emerging concerns.

One mechanism for receiving private sector advice is the newly established Industry Functional Advisory Committee for Electronic Commerce Trade Policy Matters (IFAC 4). On February 4, 2000, the inaugural meeting of the Committee was held at the Department of Commerce in Washington, D.C. The meeting was attended by senior industry executives appointed jointly by the Secretary of Commerce and the USTR and was open to the public and the media. The private sector members of IFAC 4 will work closely with the U.S. Government to develop positions and priorities on international electronic commerce for discussions in bilateral, regional and multilateral fora.

U.S. Commerce Secretary William M. Daley opened the meeting by setting the priorities for electronic commerce in 2000. In his speech, he stated, "I think it's very appropriate the first new industry committee formed to help government in the new century involves the Internet. Nothing is changing the way businesses do their jobs as much as the Internet. It is clearly one of the great tools that will shape commerce in the new century." Daley further added that the Government will focus on sev-

eral major issues: privacy, consumer protection, commercial law, the digital divide, the technical structure for electronic commerce and measuring the digital economy.

Other current international electronic commerce topics that were discussed included electronic commerce in the World Trade Organization, international consumer protection and authentication, e-commerce issues in current international trade negotiations, intellectual property, small and medium-sized enterprises, encryption, Internet for economic development, tax issues, and updates on electronic commerce discussions and negotiations.

The Industry Functional Advisory Committee on Electronic Commerce for Trade Policy Matters (IFAC 4) is one of twenty-two private sector advisory committees which ensures a U.S. industry voice in trade policy matters. The advisors of this committee are senior executives and managers of U.S. manufacturing or service firms involved in the various aspects of international electronic commerce trade, including business to business, business to consumer (e-tailers), hardware and software, telecommunications, and content providers. Members of the Committee are currently being recruited from the private sector. The Secretary of Commerce and the U.S. Trade Representative appoint these members. There is no application deadline. ■

#### **Additional information can be found on the ITA website or by contacting:**

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